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REPORT
OF THE
INDUSTRIAL COMMISSION
ON THE RELATIONS AND CONDITIONS OF
CAPITAL AND LABOR
EMPLOYED IN
MANUFACTURES AND GENERAL BUSINESS
(SECOND VOLUME ON THIS SUBJECT),
INCLUDING
TESTIMONY TAKEN AFTER NOVEMBER 1, 1900, WITH REVIEW
AND DIGEST THEREOF, AND A SPECIAL REPORT
ON DOMESTIC SERVICE.

VOLUME XIV
OF THE COMMISSION'S REPORTS.

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1901.

MEMBERS OF THE INDUSTRIAL COMMISSION.

Mr. ALBERT CLARKE, *Chairman.*

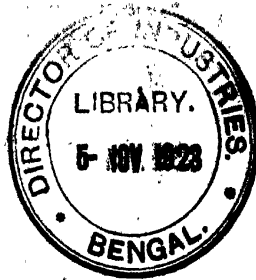
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E. DANA DURAND, *Secretary.*

[Extract from act of Congress of June 18, 1898, defining the duties of the Industrial Commission and showing the scope of its inquiries.]

Sac. 2. That it shall be the duty of this commission to investigate questions pertaining to immigration, to labor, to agriculture, to manufacturing, and to business, and to report to Congress and to suggest such legislation as it may deem best upon these subjects.

Sac. 3. That it shall furnish such information and suggest such laws as may be made a basis for uniform legislation by the various States of the Union, in order to harmonise conflicting interests and to be equitable to the laborer, the employer, the producer, and the consumer.



INDUSTRIAL COMMISSION,
December 5, 1901.

To the Fifty-seventh Congress:

I have the honor to transmit herewith, on behalf of the Industrial Commission, a report on the subject of the Relations and Conditions of Capital and Labor Employed in Manufactures and General Business, prepared in conformity with an act of Congress of June 18, 1898.

This is the second report of the Commission on this subject, the first constituting Volume VII of its reports. The present volume includes the testimony taken before the Commission from November 1, 1900, to the end of its term of office, together with a review and digest of the testimony, and a special report on the subject of Domestic Service.

The conclusions and recommendations of the Commission regarding this subject will be presented in its final report to Congress.

Respectfully,

ALBERT CLARKE, *Chairman.*

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REVIEW OF EVIDENCE

OF

VOLUMES VII AND XIV.

The following review covers the evidence taken by the Commission on the conditions of capital and labor in manufactures and general business, which is contained in Volume VII of the Commission's reports, as well as that contained in the present volume. A considerable amount of evidence relating to these topics is included in volumes primarily devoted to other subjects. Volumes I and XIII, on industrial combinations in particular, touch largely on the more general topics to which Volume VII and the present volume are devoted.

GENERAL CONDITIONS OF BUSINESS.

All the testimony taken by the Commission goes to show that business is in a much more prosperous condition at the present time than was the case in the years immediately following the depression of 1893. So far as is evidenced by the testimony, there is not a single industry which has not shared to some extent in the business revival, and the general prosperity has been reflected in retail trade.¹ Not only is this true, but with very few exceptions the different industries are reported to be enjoying a very large measure of prosperity at the present time. The principal exceptions to the rule are the cotton and woolen trades, in both of which there seems to have been a greater volume of production than could be readily consumed. Severe competition in the boot and shoe trade and in the silk industry are reported to have so affected prices as to make close figuring necessary in order to realize a profit,² and the conditions are not wholly satisfactory to the manufacturers, though in both cases trade appears to be brisk.

The uncertainty of statistics of production, due to duplications, is pointed out by Mr. Carroll D. Wright,³ but as similar conditions have always existed it is possible to make fairly accurate comparisons between different periods.

The revival of business has been accompanied by a rise of prices in most instances, according to the general rule which is held to prevail,⁴ but this has not been invariably the case.

TRUSTS AND INDUSTRIAL COMBINATIONS.

Special attention has been given elsewhere to matters pertaining to trusts and industrial combinations.⁵ Some little testimony relating to this subject has, however, been given by witnesses, speaking in reference to general business conditions, and is therefore included in the present volume.

Advantages and disadvantages—Effect on prices.—There appears to be a wide difference of opinion on the part of both employers and employees as to the effect of industrial combinations on industrial life. On the one hand, it is contended that industrial combination is a natural evolution of business and is conducive to the prosperity of the country; that the formation of industrial combinations tends to cheapen the cost of production, and that in the end the consumer will profit from this through the

¹Vol. VII: Woodward, 724, 725.

²Vol. VII: Cole, 728, 730. Vol. XIV: McDermott, 596; Andree, 692, 693; Homer, 701.

³Vol. VII: Wright, 23.

⁴Vol. XIV: Commons, 35.

⁵Reports Industrial Commission, Vols. I, XIII.

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lowering of prices.¹ On the other hand, it is held with equal positiveness that trusts are injurious to the best interests of the country, and that higher prices are the inevitable result of their formation.²

Other witnesses are of the opinion that it is beyond the power of industrial combinations to exercise absolute control over prices, and that the matter will regulate itself.³ The opinion is expressed that the majority of merchants and manufacturers are controlled by the belief that reasonable prices, fair dealing, and fair profits are the best basis for continued prosperity.⁴ One witness, while expressing his belief that the tendency of industrial combinations is to lower prices, says that the making of lower prices is a matter of less importance than the making of uniform prices, and states that one of the greatest benefits to be derived from the formation of industrial combinations is to be found in the fact that all buyers are put on an equality and that prices are stable.⁵

It is believed by one witness that our foreign trade will be extended by means of industrial combinations, and the statement is made that people abroad are already attributing the growth of our foreign trade to the formation of vast combinations in this country.⁶

Political effects.—The greatest evil growing out of the formation of industrial combinations is believed by one witness to be the corrupting influence of such combinations on the politics of the country, and the assertion is made that trusts exercise an unwarrantable influence over political affairs, municipal, State, and National; that they have unwarrantably interfered with the free exercise of the suffrage by workmen and have improperly influenced the action of legislative, executive, and judicial bodies.⁷

Tendency to socialism.—The belief is expressed by two witnesses that the formation of industrial combinations is likely to lead to socialism. This result would be welcomed by one of the witnesses on the ground that competition has been a curse to the working classes,⁸ while the other witness would consider such a result a great evil, in that it would destroy the ambition, initiative, and individuality which have made this country.⁹

Effect on labor.—The difference of opinion in respect to the effect on labor of the formation of industrial combinations is quite as great as is that in regard to the effect on prices and on other industrial conditions. It is believed by some witnesses that the large combinations usually pay higher wages and give steadier work than do the smaller concerns;¹⁰ that while some employees may be thrown out of work temporarily, yet they will find other positions, and that in the long run the formation of industrial combinations will be found to be advantageous to labor. It is stated that there was a greater demand for labor after the formation of the iron, steel, and tin combinations than was the case before the consolidations were effected.¹¹ Other witnesses take exactly opposite views, and it is stated that the effect of the formation of industrial combinations is to diminish employment and throw thousands of persons out of work.¹² One witness contends that if more men are employed and at better wages than formerly it is due to the fact that there is an improvement in general

¹ Vol. VII: Schaffer, 385-386; Bullock, 525, 526; Woodward, 737. Vol. XIV: Davis, 563; O'Neill, 656.

² Vol. VII: Candler, 585, 586; Roth, 714.

³ Vol. VII: Young, 696; Fry, 804. Vol. XIV: Redfield, 668.

⁴ Vol. VII: Woodward, 737, 738.

⁵ Vol. XIV: Harrah, 350, 357, 358.

⁶ Vol. XIV: Davis, 563.

⁷ Vol. VII: Gompers, 643.

⁸ Vol. VII: Eaton, 573, 574.

⁹ Vol. VII: McMackin, 610, 611.

¹⁰ Vol. VII: Russell, 583.

¹¹ Vol. VII: Schaffer, 385-386.

¹² Vol. VII: Donnelly, 593; Roth, 714. Vol. XIV: Steinbliss, 80, 81.

industrial conditions and not to the formation of industrial combinations.¹ One labor leader sees a possibility of the accruing of benefits to labor through industrial combinations, but believes that in order to secure such possible benefits labor must be organized. He states that in cases where the workmen have been strongly organized the trusts have usually met them fairly, and that some concessions have been secured which would not have been obtained if the trusts had not been formed.² Mr. Gompers thinks that there are not yet sufficient facts available to justify a judgment in respect to the effects on labor of the formation of industrial combinations.³ One labor leader expresses a preference for dealing with large combinations and says that it has been found possible to reach agreements concerning wages more readily when dealing with large combinations and to obtain terms which were more satisfactory to the men.⁴ In contradistinction to this statement, the assertion is made by another witness that corporations are, as a rule, more unwilling to recognize labor unions or to deal with committees representing the men than are other employers.⁵

Regulation.—Various suggestions are made by witnesses for the regulation of industrial combinations, one or two advocating national control, and one favoring a constitutional amendment empowering Congress to act if there is any doubt about its present power;⁶ while another would have the Federal and State governments act in conjunction with each other in the enactment of legislation.⁷ Other suggestions are that concerns be prohibited from refusing to sell their products to dealers who handle similar goods manufactured by other concerns;⁸ that prices be regulated so that they shall be uniform throughout the country and shall not be extortionate;⁹ that capitalization be restricted, and that publicity be given to the affairs and accounts of great corporations.¹⁰ One witness distrusts legislative attempts to deal with combinations, and looks to the increase of education and organization on the part of the working people for the remedy of the evils which he believes exist.¹¹ Another witness thinks that the only way to prevent the further growth of combinations is to deprive them of tariff protection.¹²

FOREIGN TRADE.

Growth.—The great increase in recent years in the volume of our foreign trade is referred to by witnesses, the importance of such increase as a relief to the home market is commented on, and the desirability of further development is emphasized.¹³ Chief among the difficulties which lie in the way of further development is believed to be the failure on the part of American manufacturers to recognize the value of the foreign markets and their lack of such understanding of conditions as will enable them to enter those markets most effectively.¹⁴ Another difficulty in the way of the extension of foreign trade is the necessity for giving long credits.¹⁵ Defective shipping and banking facilities also tend to hamper export trade.¹⁶ One witness believes that our present tariff policy interferes with trade development.¹⁷

¹ Vol. XIV: Steinbliss, 30, 31.

² Vol. VII: Kennedy, 768.

³ Vol. VII: Gompers, 642, 643.

⁴ Vol. VII: Schaffer, 396-398.

⁵ Vol. VII: Bishop, 480, 481.

⁶ Vol. VII: Bullock, 525, 526.

⁷ Vol. VII: Candler, 585, 586.

⁸ Vol. VII: Coffin, 784.

⁹ Vol. VII: Schonfarber, 441-445; Wanamaker, 468; Kennedy, 768, 769.

¹⁰ Vol. VII: Schonfarber, 451-455.

¹¹ Vol. VII: Gompers, 656.

¹² Vol. VII: Search, 137.

¹³ Vol. XIV: Wilson, 440.

¹⁴ Vol. VII: Wanamaker, 457, 458. Vol. XIV: Wilson, 440, 441.

¹⁵ Vol. XIV: Gray, 207, 213; Hazrah, 356.

¹⁶ Vol. VII: Search, 135, 136. Vol. XIV: Gray, 206; Wilson, 439.

¹⁷ Vol. XIV: Redfield, 681.

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Methods of developing foreign trade.—The necessity of consideration of and adaptation to the tastes and prejudices of the people of other countries in order to build up foreign trade is pointed out and dwelt upon by witnesses,¹ and the importance of supplying reliable goods of high quality is touched upon.² In the cases of certain countries where there are special superstitions the adoption of special trade marks is found to be an aid in the development of trade.³

Philadelphia Commercial Museum.—The work of the Philadelphia Commercial Museum and the effect of its work on the development of foreign trade is set forth at some length. It is the object of the museum to supply American manufacturers with such specific, detailed, and accurate information as will enable them to build up an extensive trade with other countries, and to bring foreign buyers and American sellers into touch with each other. To this end the museum has gathered together an extensive collection of raw products, having a commercial value, from nearly every country in the world. It keeps in touch with trade conditions in foreign countries, receives numerous publications from foreign governments, and is able to supply information in regard to foreign firms and the commercial laws of different foreign countries. Exhibitions are held by the museum in different cities throughout the country for the purpose of disseminating information and of acquainting merchants and manufacturers with the resources and work of the museum. Many merchants, both in this country and in foreign countries, have availed themselves of the services of the museum, and the work done by the museum is stated to have been an important factor in the extension of foreign trade.⁴

Consular service.—It is the opinion of witnesses that the upbuilding of our foreign trade could be materially assisted by intelligent effort on the part of American consuls.⁵ That our present consular service is not up to the grade of merit which ought to characterize it is the judgment of those witnesses expressing an opinion on this subject,⁶ one witness going so far as to say, "It is the exception to meet a consul that understands anything about the nature or the duties of his office."⁷ Special training for the consular service, long tenure of office, and advancement on a basis of merit only are advocated as means whereby the character of the service may be improved.⁸

Export prices.—It is stated by witnesses to be the general custom in all countries for lower prices to be made on goods sold for export than on goods sold for home consumption;⁹ and this custom is said to prevail regardless of the tariff policy of the different countries.¹⁰ The reason given for the custom is that it is found to be profitable to manufacture more goods than are necessary for home consumption in order to keep mills running to their full capacity and to dispose of the surplus over the amount necessary for home consumption at the best price possible under conditions existing in foreign markets.¹¹ In spite of the existence of this general custom, however, the majority of the manufacturers testifying on this point are not in the habit of making prices for export lower than domestic prices.¹² Others report that they make a lower price on goods sold abroad in order to compete with local products than the price for which they can afford to sell the goods in this country.¹³

¹ Vol. XIV: Gray, 206; Wilson, 454.

² Vol. VII: Wanamaker, 457, 458.

³ Vol. XIV: Wilson, 450, 451.

⁴ Vol. XIV: Wilson, 441-449.

⁵ Vol. VII: Search, 127. Vol. XIV: Steel, 241; Harrah, 357.

⁶ Vol. XIV: Harrah, 357; Wilson, 449.

⁷ Vol. XIV: Harrah, 357.

⁸ Vol. VII: Search, 127. Vol. XIV: Steel, 241; Harrah, 357; Wilson, 449.

⁹ Vol. XIV: Wilson, 454; Redfield, 661.

¹⁰ Vol. XIV: Wilson, 456.

¹¹ Vol. XIV: Wilson, 456; Redfield, 661; Homer, 702.

¹² Vol. XIV: Converse, 231, 235; Schober, 343, 344; Godfrey, 473, 475; McDermott, 508.

¹³ Vol. VII: Fry, 303. Vol. XIV: Redfield, 661, 667, 698; McNeir, 700.

THE TARIFF.

Witnesses are almost unanimous in expressing opposition to any changes in our present tariff policy or in existing tariff schedules.¹ Not one advocates a general tariff revision, and although a number of witnesses point out specific inequalities or would be glad to have specific changes made in certain designated schedules, only one expressing an opinion on the subject is willing, for the sake of having such changes made, to have the matter of tariff revision taken up.² There would have to be a very "serious and troublesome state of affairs," in the opinion of one witness, to justify the undertaking of a general tariff revision.³ One manufacturer, although announcing himself to be a free trader by conviction, declares that the adoption of free trade in this country would unsettle everything and wants the tariff left untouched.⁴ One witness speaks in favor of the extension of the policy of reciprocity.⁵ The business depression of 1893 and following years is attributed by several witnesses to tariff changes,⁶ and the development of a number of specific industries is attributed by other witnesses directly to tariff protection.⁷ The testimony presented along this line, together with the effects of the tariff generally on these industries, will be referred to more in detail in speaking specifically of the industries affected.

It is the opinion of the two witnesses who touched upon the subject that the removal of the tariff from trust products would injure the domestic competitors of the trust more than it would injure the trusts themselves.⁸ One witness speaks in favor of the creation of a permanent tariff commission, and believes that if the members of the commission were selected because of special fitness and without regard to their party affiliations, the appointment of such a commission would result in a better adjustment of tariff schedules than is otherwise possible.⁹

COMMERCIAL EXCHANGES.

The history and value of commercial exchanges are discussed by one witness, and the statement is made that these institutions are as indispensable to our present material development as are the railroad and the telegraph, and that they practically regulate the commercial and financial transactions of the civilized world. Their objects are to establish, protect, and build up the market in the particular line of trade which they concern, and thus increase the commercial importance of the cities in which they are established; to provide just and equitable rules for the transaction of business, and to insure the operation of commercial machinery with the least possible friction. Attacks upon the exchanges on the ground that they are monopolies are held not to be well based, the courts having decided that there is lacking every ingredient of monopoly. The rules of the exchanges are said to constitute a codification of the usages and customs which have been established in particular markets, and are designed to secure a free and open market where dealing shall be matter of record and of public knowledge.¹⁰

¹ Vol. XIV: Steel, 246; Leake, 274, 276; Draper, 471; Godfrey, 478; Hopewell, 524, 525; Crapo, 537; Pierce, 542; Chase, 559; Davis, 596; Campbell, 628; Weidmann, 707.

² Vol. XIV: Lovering 533.

³ Vol. XIV: Draper, 471.

⁴ Vol. XIV: Harrah, 366.

⁵ Vol. XIV: Jackson, 567-569.

⁶ Vol. XIV: Cresson, 267-269; O'Neill, 651; Cheney, 722; Weidmann, 706, 707.

⁷ Vol. XIV: Campbell, 626; Homer, 700; McNeir, 708; Cheney, 723, 727; Barbour, 725.

⁸ Vol. XIV: Crapo, 538; Davis, 598.

⁹ Vol. XIV: McNeir, 713.

¹⁰ Vol. VII: McCoy, 991-999.

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PATENTS.

One witness speaks of the ease with which it is possible to obtain patents for alleged inventions, which are in fact not inventions, and of the trouble to which this leads and the annoyance and expense which it causes. The suggestion is made that greater care be exercised in the issuing of patents so as to avoid the granting of patents to persons not entitled to them.¹ The expense of patent litigation and the delay in obtaining a decision are referred to by another witness, and a desire for some legislative remedy is expressed.²

DEPARTMENT STORES.

History.—The department store in this country dates from the early seventies, when changed industrial conditions led to changes in business methods. The fall in prices after the civil war and the close figuring necessary in order to secure a margin of profit are given as reasons for the springing up of department stores.³

Effects generally—Advantages and disadvantages.—The opinions of the representatives of department stores and the opinions of small dealers as to the effects of department stores on the interests of consumers, and the part which they play in industrial life differ widely. The department store representatives are unanimous in saying that the department store is an advantage to the consumer. Its existence, it is held, is due to the irresistible tendency on the part of the producer to meet the consumer as directly as possible, and to the tendency of merchandise to find distribution along the lines of least resistance. It is stated that by the consolidation of retail business in great stores the risk of loss and the cost of selling are both reduced and economies made possible;⁴ that fewer clerks are required for the same amount of business; that there is saving in rent, in the cost of superintendence, and in the expense of book-keeping.⁵ The department store, by buying in large quantities, can buy at lower prices than can the small dealer, it is claimed,⁶ and, furthermore, by buying directly from the manufacturer the expense of commissions, as well as that of reshipment of goods, is avoided. In addition to these advantages, the department store, by being able to pay cash, often gets a considerable discount which is not available to the small dealer. The rapidity with which stocks of goods are disposed of brings the manufacturer and the consumer into closer touch with each other, and, as a result, goods are manufactured more closely in conformity with demand and more nearly to the time of distribution.⁷ As a result of the economies made possible by the consolidation of retail business, customers, it is said, are better served and prices are lower. The reduction in retail prices in recent years is referred to in confirmation of this statement, and the further statement is made that the margin of profit to the retailer has been reduced one-half during the last twenty years. In the opinion of one witness, the right of the department store to exist must be measured by the extent of its benefits to the community, and its success will depend on its ability to effect economies and on the character of the service which it renders to society.⁸ The greater convenience to customers, especially to those coming from a distance, in finding everything called for under one roof, is referred to as another advantage accruing to the public from the existence of the department stores.⁹

¹ Vol. XIV: Gibson, 286-289.

² Vol. XIV: Howe, 499.

³ Vol. VII: Woodward, 733, 734, 736.

⁴ Vol. VII: Wanamaker, 451, 452.

⁵ Vol. VII: Chalfoux, 339-343; Young, 696, 697.

⁶ Vol. VII: Woodward, 735, 736.

⁷ Vol. VII: Chalfoux, 339, 343; Wanamaker, 455, 456, 460.

⁸ Vol. VII: Wanamaker, 451, 452.

⁹ Vol. VII: Wanamaker, 455, 456, 460.

These statements are not indorsed by the small dealers, one of whom asserts that the expenses of the department stores are greater, comparatively, than are the expenses of the small dealers, and who states that he has found that it costs a retail grocer about 12 to 12½ per cent to do business, while it costs the department store about 18 to 18½ per cent to do business in that line.¹ It is said also that the small dealers sell as cheaply as do the department stores,² though it is admitted that, in some cases, customers received better value for their money at the large stores.³ One witness bases his opposition to the department store on the ground that it is an instrument for economizing, and that by economizing it restricts the people's opportunities for making a living. According to this witness, the department store economizes on space and thereby causes depression in the value of real estate; it economizes in service, as fewer clerks are required for the same amount of sales; it economizes in salaries by employing children instead of men and women, and it economizes in the purchase of goods by buying goods in large quantities. It is claimed that by buying at low prices it forces the manufacturer to sell at the closest margin of profit and thereby restricts his ability to pay living wages, so that often the lower prices secured are obtained at the expense of the manufacturer's employees.⁴

Methods of business.—One of the greatest objections to department stores, in the opinion of the small dealers, is the fraudulent methods which, it is claimed, are followed by them and the fraudulent advertising of which they are guilty;⁵ and the enactment of national legislation providing for the punishment of fraudulent advertising is advocated.⁶ The department store dealers, while admitting that there are department stores which practice deception upon the public, say that the better class of department stores do not deceive as to the quality of their goods, do not handle bankrupt stocks, and, as a rule, do not cut prices below cost on certain goods in order to attract trade.⁷ The one-price system which has been adopted by department stores is referred to with approval.⁸

Elimination of middlemen.—Department store dealers and small retailers agree that the middleman is being eliminated, and that commission houses and jobbers will soon be things of the past.⁹

Effects on small dealers.—That the department stores are crowding out the small one-line stores is asserted by the small dealers¹⁰ and is not denied by the department-store representatives, though some of the latter think that there will continue to be a sphere of usefulness for the small store because of its local convenience or because of a preference for direct personal service.¹¹ It is declared by one witness, however, that the interests of the small storekeepers are not the primary consideration in judging the department store system, but that the interest of the public is the first consideration; that the public is served by economical distribution of goods, and that the ability of the department store to take trade away from the smaller stores depends entirely upon its giving better service and selling goods at lower prices. It is not just, it is claimed, to the public to establish a store for one exclusive class of goods for which the chief demand occurs during a small part of the year, and to saddle upon the consumer the expense of maintaining the property and the organization of the business during the entire year. Department stores, it is said, have no monopoly characteristics, but that, on the contrary, there is keen rivalry between

¹ Vol. VII: Roth, 711.

² Vol. VII: Myers, 590; Roth, 715.

³ Vol. VII: Goudie, 723-725.

⁴ Vol. VII: Goudie, 723, 725.

⁵ Vol. VII: Roth, 705, 706, 709; Goudie, 727.

⁶ Vol. VII: Roth, 705, 708.

⁷ Vol. VII: Chalfoux, 341-343; Wanamaker, 459-462; Woodward, 735.

⁸ Vol. VII: Wanamaker, 464.

⁹ Vol. VII: Chalfoux, 341; Wanamaker, 455, 456, 460; Roth, 711; Woodward, 735, 736.

¹⁰ Vol. VII: Myers, 590; Goudie, 723, 724.

¹¹ Vol. VII: Wanamaker, 452, 455, 457; Woodward, 731, 735, 736.

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the different stores. The vast variety of merchandise which is carried by each one makes a combination of them practically impossible, according to the opinion of one witness, and it is stated that no tendency toward combination has been manifested. It is contended that there is no injustice to local dealers in the establishment of mail-order departments, as the people in the small towns would not buy from the department stores in the large cities if they could get the goods they wanted at home.¹ The taxation of department stores seems to be favored by certain small dealers.² One of the department store representatives expresses the belief that such taxes would ultimately be borne by the consumers.³

Effect on labor.—It is stated by department store dealers that more labor is employed because of the establishment of department stores. The reduced prices, it is held, stimulate consumption, and therefore increase employment both in the manufacture of goods and in their distribution, and it is stated that more than the total number of competent persons thrown out of employment in small stores by the competition of department stores are given employment in the department stores themselves.⁴ It is said, furthermore, that the department stores afford increased opportunities for the employment of women, while they do not curtail the employment of men.⁵ It is asserted also by the representatives of department stores that wages are universally higher and hours of labor are shorter in the department stores than in the small stores.⁶ On the other hand, it is maintained by small dealers that the department stores have deprived many people of employment, and that men have been replaced by women, who receive only a fractional part of the wages which were paid to the men.⁷

It is claimed by witnesses that the department store does not tend to destroy the individuality of the employees; that an employee may easily hold a more important position in a department store than he would hold if working for himself; that many employees receive larger salaries than they could possibly earn independently, and that the employees in the large store take pride in the establishment.⁸

CONDITIONS OF BUSINESS IN THE SOUTH.

Advantages of the South as a manufacturing section.—The outlook for the development of manufacturing interests in the South is believed to be very bright. Manufacturing enterprises are growing in number and are enjoying constantly increasing prosperity.⁹ The people of the South are alive to their opportunities and are making strenuous efforts to further industrial progress,¹⁰ and it was for the purpose of promoting industrial interests in the South that the Southern Industrial Convention was formed.¹¹ Southern legislatures apparently are ready to offer inducements to manufacturing enterprises by granting exemption from taxation and by enacting other legislation believed to be favorable. Alabama has even gone so far as to abolish the age limitation for children employed in the cotton mills.¹² The need of Northern capital for developing the resources of the South is touched upon by one witness.¹³

There are numerous advantages possessed by the South for manufacturing, especially for manufacturing cotton and iron products. The climate is mild, raw materials and fuel are close at hand, and there is said to be a plentiful supply of labor, both skilled and unskilled.¹⁴ Another advantage, in the opinion of one witness, is that labor organizations exercise little control over industrial conditions.¹⁵ It is

¹ Vol. VII: Wanamaker, 462-465, 464.

² Vol. VII: Roth, 705; Goudie, 725.

³ Vol. VII: Chalfoux, 842.

⁴ Vol. VII: Wanamaker, 458, 463; Woodward, 735, 737.

⁵ Vol. VII: Wanamaker, 458, 463.

⁶ Vol. VII: Wanamaker, 458, 463; Young, 699, 700.

⁷ Vol. VII: Roth, 725.

⁸ Vol. VII: Wanamaker, 461, 462; Young, 697.

⁹ Vol. VII: Bullock, 523; Candler, 586, 587.

¹⁰ Vol. VII: Thompson, 760, 761.

¹¹ Vol. VII: Thompson, 765.

¹² Vol. VII: Thompson, 760, 761.

¹³ Vol. VII: Miller, 576-579.

¹⁴ Vol. VII: Candler, 586, 587; Miller, 576-579.

¹⁵ Vol. VII: Thompson, 760, 761.

stated, however, that attempts made by certain cotton mills to manufacture the same style of goods as are made in Fall River were not successful because the labor cost was much greater than that of the Fall River mills.¹

The development of cotton manufacturing in particular in the South and its effect upon cotton manufacturing in New England will be referred to more specifically in discussing conditions of business in the cotton trade.

Conditions of transportation.—There seems to be little doubt that the South is at a disadvantage as compared with the North in respect to transportation facilities and freight rates on manufactured goods. One witness testifies that the freight rate on cotton goods from Atlanta to New York is about 80 cents, while from Lowell to New York it is about 15 cents. This witness has shipped goods to California via the Southern Railway and has been obliged to deduct the freight to New York from the price, as the goods were sold deliverable at New York.² It is claimed also that the fisheries of Florida, especially those in the neighborhood of Jacksonville, are greatly hampered by the excessive charges of the Southern Express Company, which is the only express company reaching that region. Shipments to Western cities can be made more cheaply by being sent by the roundabout way of New York than by the direct routes.³

BUILDING AND LOAN ASSOCIATIONS.

The building and loan association had its origin in Philadelphia, and appears to have grown out of the custom of home ownership which had sprung up in that city, and which had been developed under the influence of the system by which a man could purchase land through the payment of ground rent. The first building and loan association was formed in 1837 in Frankford, now a part of the city of Philadelphia. There are at present, in addition to national associations, some 1,200 building and loan associations in Pennsylvania with assets of \$113,000,000, and more than 5,000 such societies in the United States with nearly a million and a half members and with assets amounting in round numbers to \$575,000,000. As the building and loan associations have increased in numbers two distinct kinds of organization have developed: The associations operating under what is known as the Philadelphia plan are of a more or less fraternal character, do not maintain permanent offices, hold only occasional meetings, and have officers who serve either without pay or for nominal salaries. Associations operating under what is known as the Dayton plan are conducted on a purely business basis without any of the fraternal element. At the beginning, the building and loan associations loaned money below the market rate, and their money therefore was at a premium. For a number of years past, however, there have been no premiums paid in the case of the Philadelphia societies. The object of the building and loan association was primarily to enable members to build their own homes. The custom is very general now, however, for members to buy houses already built, and practically the building and loan associations are to-day purely loan associations with mortgage securities, and the members are investors rather than borrowers. It is believed that building and loan associations have had a very conservative influence on industrial life. They have led to home ownership, and have therefore made men more unwilling to engage in strikes except on great provocation. It is said also that the members have received a certain business training from their connection with such associations.⁴

¹ Vol. VII: Elms, 574.

² Vol. VII: Turner, 250.

³ Vol. VII: Coffin, 788.

⁴ Vol. XIV: Burk, 505-508.

XVI INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

POTTERY TRADES.

History and development.—The pottery industry in this country dates from 1765, when the establishment of a pottery in South Carolina caused uneasiness to English manufacturers. The industry did not become of any commercial importance, however, until a century later, and it was not until after the Centennial Exposition that decorated goods were manufactured to any great extent. To-day American potteries are turning out all lines of clay products, from the coarsest and least expensive goods to pottery of the utmost delicacy and of the highest degree of artistic development.¹ It is the opinion of both manufacturers and workmen that in almost all lines, American goods are fully equal to any produced abroad, and that in the case of some products American wares are superior.² The only respect in which American wares are thought to be not fully equal to the best foreign products is in the finish and decoration of the highest grades of French china,³ though even this is questioned, and the statement is made that American manufacturers are producing at the present time table china which is able to hold its own with the best produced in France.⁴

The manufacture of sanitary ware was first undertaken in 1872. Previous to that time all sanitary ware was imported. Such advance, however, has been made that at the present time practically no sanitary ware of foreign manufacture is sold in this country; American goods are far superior to those produced elsewhere; and American manufacturers are exporting their goods in increasing quantities to all parts of the world. The first solid porcelain bath tubs were made in 1893, and to-day American manufacturers not only supply the American market, but are exporting these goods to European countries.⁵

The manufacture of tiles was begun a little later than that of sanitary ware, and the tile business is the youngest of any of the clay industries. Up to 1880 the American market was controlled by English manufacturers. In that year, however, at an exposition held in England, an American tile manufacturer was awarded the gold medal over the English and Continental manufacturers, and this incident gave an impetus to the tile business in this country. American manufacturers were at first handicapped by the action of English manufacturers in reducing prices. In addition to this, an error in classification allowed the importation of tiles through the port of New York under a duty of only 20 per cent. This error was remedied and a duty of 45 per cent exacted. From that time on the business grew rapidly, and to-day American manufacturers are stated to be supplying 90 per cent of all the tiles sold in the United States and to have built up a fair and increasing export trade. In the opinion of the tile manufacturers American tiles are superior to those of foreign production. Complaint is made, however, that the Government does not use tiles in its public buildings, but uses marble almost exclusively, while England, on the other hand, tiles all of her government buildings. White marble, it is stated, is not as desirable for sanitary purposes as is a fine vitrified tile, because marble is absorbent, while tile is absolutely nonabsorbent.⁶

The growth of the pottery industry is said to have been due in large measure to the natural resources of the country, and to the wise development of those resources. In the opinion of manufacturers the protection afforded by the tariff has been a very important element in the upbuilding of the industry,⁷ while the lack of skilled labor

¹ Vol. XIV: Burgess, 604, 605.

² Vol. XIV: Campbell, 630; Clayton, 638, 642; Morgan, 649, 650; O'Neill, 655.

³ Vol. XIV: Burgess, 606; Morgan, 649, 650.

⁴ Vol. XIV: Campbell, 630.

⁵ Vol. XIV: Campbell, 634, 635, 629.

⁶ Vol. XIV: Lawabe, 630-632.

⁷ Vol. XIV: Burgess, 606; Campbell, 625.

and of men of artistic education and taste, in addition to the lack of technical schools for the training of such workmen, has served somewhat to retard its growth.¹ A serious handicap under which American manufacturers suffer is the great advantage given to foreign manufacturers in the matter of freight rates. When the rate from Liverpool, England, to St. Louis was 27 cents a hundred the rate from Trenton to St. Louis was 41 cents a hundred.² Goods can be sent from Liverpool to San Antonio, Tex., for 40 cents a hundred, while the rate from Trenton to San Antonio is 98 cents a hundred;³ and goods are landed at Philadelphia from Liverpool, England, at only 5 cents a hundred more for freight than similar goods can be landed in Philadelphia from Trenton, which is only 30 miles away. In one instance English manufacturers were landing their goods at San Francisco for \$2.50 a ton, while the rate from Trenton to San Francisco was \$27 a ton. It is stated that the tariff is not sufficient to overcome the difference in freights, and that therefore the western trade of eastern potteries is not of much consequence.⁴ Domestic freight rates on tiles are also complained of, the rate from Trenton, N. J., to Sydney, Australia, being 50 cents a hundred, while the rate from the same point to Omaha is 57 cents and to Galveston 43 cents a hundred.⁵ One of the greatest obstacles, however, to the development of the industry has been the prejudice on the part of the American people against goods of American manufacture. This prejudice is being overcome,⁶ but it has not entirely died out, and because of its existence some American manufacturers stamp their goods as foreign made and sell them as imported products.⁷ The fact that American manufacturers are obliged at present to import certain clays is mentioned by one witness as an additional disadvantage under which American pottery manufacturers labor, and the suggestion is made that the Government appoint men to make investigations for the purpose of discovering, if possible, clays in this country which may be substituted for foreign clays.⁸

Dependence on the tariff.—In the opinion of one manufacturer the development of the pottery industry was delayed in the past by the lack of adequate Government protection. Wages in the pottery industry, he says, are much higher in this country than in Europe, and the rate of duty imposed upon foreign goods has never been commensurate with the difference in wages.⁹ Even in the present tariff law, it is alleged, there are certain defects, in that under the ad valorem duty undervaluation is possible and is frequently resorted to.¹⁰ More rigid examination of imported goods and severer penalties for undervaluation are advocated.¹¹ Manufacturers and workmen unite in saying that the pottery industry could not exist under present conditions without the protective tariff, and that if the tariff were reduced the industry could be continued only by the reduction of wages.¹² This, however, does not apply to the manufacture of sanitary wares.¹³ The Wilson tariff law, according to several of these witnesses, had the effect of paralyzing the pottery industry.¹⁴ The industry has recovered, however, from the depression which characterized it in 1893 and in immediately succeeding years, and is now in a flourishing condition.¹⁵

¹ Vol. XIV: Burgess, 606; Clayton, 637.

² Vol. XIV: Burgess, 609.

³ Vol. XIV: Clayton, 637.

⁴ Vol. XIV: Burgess, 609.

⁵ Vol. XIV: Lawhe, 634, 635.

⁶ Vol. XIV: Campbell, 630; Morgan, 649, 650.

⁷ Vol. XIV: Morgan, 649, 650.

⁸ Vol. XIV: Clayton, 636.

⁹ Vol. XIV: Burgess, 606.

¹⁰ Vol. XIV: Clayton, 637, 638; Morgan, 648, 649.

¹¹ Vol. XIV: Morgan, 648, 649.

¹² Vol. XIV: Burgess, 611; Campbell, 628; Lawhe, 635, 636; O'Neill, 651, 652.

¹³ Vol. XIV: Campbell, 628.

¹⁴ Vol. XIV: Burgess, 605; Clayton, 641; O'Neill, 651.

¹⁵ Vol. XIV: Clayton, 641; O'Neill, 651.

GLASS TRADES.

Flint glass—*The National Glass Company*.—There are four main branches of glass manufacture: Flint glass, including prescription glass, pressed ware, table ware, etc.; window glass; plate glass; and green glass.¹ There are two combinations of flint-glass manufacturers: The National Glass Company, which is a consolidation of 19 concerns, and the United States Glass Company, which is a consolidation of some 11 plants.² The plants controlled by the National Glass Company represent about 75 per cent of the capacity of the flintglass plants of the country. This company is incorporated under the laws of Pennsylvania and has a capital of \$4,000,000. It became the actual purchaser of the concerns entering it, paying for the plants purchased either in cash or securities. Most of the previous owners, however, took payment in securities. The individual plants were taken over at a valuation made under oath by a committee of competent men, and capitalization, it is stated, was based on actual appraised value. The excessive and ruinous competition which, it is said, existed in the glass trade led to the formation of the combination. According to the testimony of the president of the company, the discovery of natural gas led to the establishment of a great number of glass works, and the works which had natural gas did not take account of fuel cost in their expenses, while the cost of fuel was one of the chief items of expense to other concerns. In many cases, also, it is claimed, no account was taken of the wear and tear of machinery. As a result of these methods of figuring, it is stated, prices were in most cases reduced below the actual cost of production, and many of the concerns were not making any profit, while many others were actually losing money. The combination was formed both for the purpose of raising prices to a profit paying point and for the purpose of effecting economies. It was hoped that by the formation of the combination a large number of traveling men could be dispensed with. This, however, has not been found practicable, and the number of traveling men, as well as the number of office employees, has been increased rather than decreased since the company was formed. The principal reduction in selling expenses has been made through dispensing with the services of local agents.

In addition to the benefits derived from having been able to effect this economy through combination, an additional advantage has been secured in that the best skill and knowledge possessed by any persons connected with any one of the establishments can be made use of in the management of all the other plants. Prices have been somewhat raised since the formation of the combination. This, however, it is held, has been necessary because of the fact that previous to the combination prices had been such that the business was unprofitable. It is declared that, although the company controls 75 per cent of the flint-glass plants of the country, and is therefore able to exercise a powerful influence on prices, it nevertheless is not able arbitrarily to fix high prices, and that if it should attempt to do this a reduction in demand would follow. Whether or not there is any agreement as to prices between the company and the outside concerns the secretary of the company refused to state. Prices are, however, it is admitted, essentially uniform. The company has a considerable export trade. The prices on export goods average quite a little lower than the prices on similar goods for domestic consumption, but it is claimed that it is necessary to make lower prices in order to compete in foreign markets with the Belgium manufacturers. The fixed charges of manufacturing, it is stated, are the same whether the product is greater or less. Foreign sales permit an increase of output and thus enable the fixed charges to be distributed over a larger amount of production. Because of this the manufacturer can afford to sell his surplus product abroad at lower prices than

¹ Vol. XIV: Thompson, 828.² Vol. XIV: Fry, 808.

those placed upon the goods sold in the domestic market.¹ It is asserted that the flint-glass industry could not have reached its present development if the protective tariff had not secured to it the home market.² Some flint glass goods are still imported; in general, the goods that are imported being those for the production of which a great deal of labor is required and not much use of machinery made.³

Window glass.—The American Window Glass Company claims to control about 1,700 pots, while the plants outside the combination are said to have probably about 1,000 or 1,100 pots. It is stated that the combination has not been able to operate its full number of pots because of the lack of competent workmen, and that sometimes from 25 to 30 per cent of the pots have been idle. It is estimated that 75 per cent, possibly more, of the cost of window glass is labor cost, and it is stated that the industry could not exist without the protection of the tariff.⁴

Prosperity of the trade.—One witness states that the profits in glass manufacture are greater now than they were twenty years ago, in spite of the fall of prices. Improved methods of manufacture have enabled workmen to double their output, and plants have increased greatly in size and have an enormous productive capacity.⁵

RATTAN TRADE.

A manufacturer of rattan goods complains that the tariff on these goods is not sufficiently protective; also that the rattan industry is handicapped by high freight rates, both domestic and export. It is stated that the rates on rattan goods coming from Europe to the United States are very much lower than are the rates on similar goods going from this country abroad.⁶ This latter statement is, however, contradicted by other witnesses, and the statement is made also that a higher tariff rate on rattan goods is not called for.⁷

COTTON TRADE.

Development of cotton manufacture.—There has been considerable advancement made in recent years in the development of artistic features in the manufacture of cotton goods, the first impetus to artistic development having been given by the Centennial Exposition. According to one witness there was high development along this line in the early nineties, but advancement was checked by the business depression which prevailed from 1894 to 1897, the demand during those years being chiefly for cheap goods.⁸ The improvement made in the printing of cottons is especially referred to by one witness. Thirty years ago the machinery in the mills of this witness was adapted to producing patterns of one color only, while to-day more than half of the machinery in these mills will produce from 8 to 14 colors with one revolution of the rollers over the cylinders. There has been great improvement also in the quality of the dyes, aniline and aniline dyes having superseded logwood. These dyes are found to work equally well in the machines and to make more satisfactory goods, and to-day American printed cottons are equal it is stated, so far as having fast colors is concerned, to any goods which are produced anywhere. About 50 per cent of the materials used in the dyes are produced in this country and about 50 per cent are imported. Many of the designs used are staple designs which go on from

¹ Vol. XIV: Thompson, 823-831, 838-840; Fry, 896-898, 902.

² Vol. XIV: Fry, 908.

³ Vol. XIV: Thompson, 829, 830.

⁴ Vol. XIV: Hammett, 925, 926-927.

⁵ Vol. XIV: Hays, 107, 108.

⁶ Vol. XIV: Salomon, 720, 721.

⁷ Vol. XIV: Siebert, 736, 737; Warnecke, 737, 738.

⁸ Vol. XIV: Leake, 276.

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year to year, but a large percentage of the finest patterns are changed yearly. The usual custom is to make original patterns, following suggestions obtained from foreign prints. The gray cottons manufactured in New England are found to be as satisfactory for printing as any which are produced in the world. It is stated that the protective tariff has developed very active competition in the manufacture of printed cottons and that all grades of printed fabrics, from the lowest quality to the finest goods, are now produced in this country. As a result of competition improvements have been made in machinery, output has been increased, the quality of goods has been improved, and prices have been reduced so that goods are being sold now for one-third of what was charged for them 30 years ago. About 30 per cent of the labor employed in the production of these goods is skilled labor.¹

In general, American cottons are said to be fully equal, if not superior, to those of foreign manufacture. They are said to be made of better material, to be absolutely free from filling, and to be superior in wearing quality to English cottons.² In the opinion of one witness, American goods are equal in texture, style, and finish to any that are produced in Europe, and the exhibit of American cottons at the Paris Exposition is stated to have been equal to that of any country.³

A comparatively recent development in cotton manufacture is the manufacture of lace curtains, this industry having been established within the past 6 or 8 years, and having been especially developed in the last 5 years. Nottingham lace exclusively, it is stated, is manufactured, and the goods produced are equal, grade for grade, to those produced in England. The manufacture of lace curtains is centered in Philadelphia, and that city also has a leading position in the manufacture of Turkish towels and similar pile fabrics.⁴

Cotton manufacturing in New England.—The finer grades of cotton goods are manufactured in New Bedford, manufacture being confined to spinning and weaving, no finishing being done.⁵ In Fall River the leading cotton product is what is known as print cloths, though a considerable variety of cotton goods are manufactured.⁶ New Bedford is said to have a certain advantage for cotton manufacture in the humidity of its atmosphere,⁷ while the advantage of Fall River is found in its nearness to markets and in its water communication.⁸

Cotton manufacturing in the South.—More cotton machinery is at the present time being sold in the South than in the North, and cotton manufacture seems to be increasing more rapidly in that section.⁹ In addition to the natural advantages possessed in the South in respect to climate and in nearness to raw materials and to fuel, it possesses a further advantage in respect to labor conditions, and the rapid development of cotton manufacture, in the opinion of some witnesses, is due largely to this fact.¹⁰

According to one witness wages are 30 per cent lower in the South than in the North, and a week's work in Georgia is 8 hours longer than in Massachusetts.¹¹ The South possesses a further advantage also, in the opinion of several witnesses, in the equipment of its mills, the mills being said to be fitted out with the newest and most improved machinery.¹² One witness, however, thinks that the Southern mills are not generally so well equipped as are the Northern mills. It is thought also by this witness that the natural advantages which the South possesses are offset by the advantage which New England mills possess in being able to secure money at low rates of interest.¹³ Referring to the fact that the Southern mills have to pay higher freight rates on manufactured goods than do the Northern mills, one witness says

¹ Vol. XIV: Godfrey, 471-475.

² Vol. XIV: Lovering, 580.

³ Vol. XIV: Crapo, 598.

⁴ Vol. XIV: Leake, 273, 274.

⁵ Vol. XIV: Crapo; 585; Pierce, 543.

⁶ Vol. XIV: Chase, 555, 556.

⁷ Vol. XIV: Pierce, 541.

⁸ Vol. XIV: Draper, 465.

⁹ Vol. XIV: Lovering, 529, 530; Chase, 555, 551.

¹⁰ Vol. XIV: Lovering, 529, 530.

¹¹ Vol. VII: Thompson, 771. Vol. XIV: Draper, 465, 466.

¹² Vol. VII: Bullock, 522, 523.

that this disadvantage is offset by the lower freight rates on raw materials,¹ while another witness thinks that the disadvantage is not so neutralised.² As yet the Southern mills have confined themselves largely to the manufacture of the coarser fabrics. It is stated, however, that each new Southern mill makes a finer grade of goods than its predecessor.³ The competition of the South, it is claimed, has put a stop to the manufacture of many lines of low and medium grade cotton goods in the vicinity of Philadelphia, goods of a higher grade now being manufactured in that city.⁴

Import trade.—Over \$40,000,000 worth of cotton goods were imported into the country in 1900, the foreign cottons it is stated being chiefly those of finer grade, in which the labor cost is high.⁵ The competition from China and Japan does not amount to much as yet. It may, however, in the opinion of one witness, become serious if China and Japan continue to manufacture cotton goods, as the labor cost in those goods is so much lower than in the United States.⁶ In the production of small quantities of specialties to satisfy a small market, European manufacturers are said to be ahead of us, it being the tendency of American manufacturers, according to one witness, to produce large quantities of a common style and to produce at a correspondingly less cost per unit.⁷ The use of Egyptian cotton is referred to by witnesses,⁸ and it is stated that the staple of Egyptian cotton is more than 1½ inches long, while the Mississippi valley cotton averages but 1¼ inches, and Georgia cotton is usually only from three-fourths to seven-eighths of an inch long. In the opinion of one witness, if there were a tariff protecting long staple cotton it could be produced to a large extent in the South.⁹

Export trade.—There is a considerable export trade in cotton manufactures,¹⁰ the exports for 1900 having amounted to considerably more than \$20,000,000. The principal markets for these goods are China (though trade has been interfered with somewhat by the recent troubles in that country),¹¹ South America, and Africa. Printed cottons, however, are sold in Great Britain, Australia, Canada, and to some extent in Continental Europe, these goods being sold at the same prices abroad as those at which similar goods are sold in this country.¹² There does not appear to be any export trade in crude print cottons.¹³

England is the chief competitor met with in foreign markets.¹⁴ Although the Chinese are manufacturing cotton goods to some extent, it is stated that their goods have never interfered with the sale of well-made American goods, the Chinese goods having been sold in parts of China where the people were willing to use an inferior article.¹⁵ Some of the Southern mills send their entire product to China, and it is the opinion of one witness that only a small proportion of the product of Southern cotton mills is consumed in this country.¹⁶ One Southern manufacturer, however, believes that nine-tenths of the product of his mill, which was sold through New York commission houses, was consumed in this country.¹⁷

Sales methods.—The bulk of the unfinished print cloths manufactured in Fall River are usually sold through brokers to the converters in the various parts of the country, while cloths in the finished state for domestic consumption are, as a rule, sold through commission houses.¹⁸ The bulk of the cottons manufactured in New Bedford, however, it is stated, are sold direct to purchasers.¹⁹ Goods for export are sold to local houses in New York which do business in foreign markets.²⁰

¹ Vol. VII: Fisher, 529, 531.

² Vol. VII: Reunis, 491.

³ Vol. VII: Thompson, 771.

⁴ Vol. XIV: Leake, 280.

⁵ Vol. XIV: Crapo, 586, 587.

⁶ Vol. XIV: Draper, 469.

⁷ Vol. XIV: Leake, 276.

⁸ Vol. VII: Bullock, 525.

⁹ Vol. VII: Fisher, 532, 533.

¹⁰ Vol. XIV: Crapo, 586.

¹¹ Vol. XIV: Lovering, 529, 530; Crapo, 586.

¹² Vol. XIV: Godfrey, 472, 473.

¹³ Vol. XIV: Davis, 592.

¹⁴ Vol. XIV: Lovering, 529, 530.

¹⁵ Vol. XIV: Lovering, 533, 534.

¹⁶ Vol. VII: Thompson, 765.

¹⁷ Vol. VII: Bullock, 523, 524.

¹⁸ Vol. XIV: Chase, 555.

¹⁹ Vol. XIV: Pierce, 543.

²⁰ Vol. XIV: Lovering, 529.

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Combination.—A year or two ago, it is stated, an attempt was made to form a consolidation of the mills engaged in the manufacture of print cloths in Fall River, but the attempt failed.¹ The mills making cotton yarns, however, have united to form the New England Cotton Yarn Company. Since the consolidation of these mills an effort has been made to run the separate mills each on a class of work by itself, and in this way economy in production has been effected. The cost of administration has been reduced also and the new company has experienced an additional advantage from the fact that it is able to buy supplies to better advantage than they could be bought by the individual mills. Since the formation of the combination wages have been increased 10 per cent and the mills have been run on fuller time. It is estimated that the earnings of the workers have averaged 15 per cent more since the consolidation of the mills than formerly. There has been an increase in the prices of products since the formation of the combination, but it is claimed that this is due to the rise in the price of cotton and not to the consolidation of interests. A change in sales methods has been inaugurated by the combination. Whereas the individual concerns marketed their products for the most part through commission houses, the combination sells its entire output directly to the customers through its own salesmen.²

The tariff.—Because of the fact that the labor cost in the production of finer fabrics is very much greater than the labor cost in the production of coarse and heavy fabrics a higher rate of duty is imposed on the finer grades of cotton than on the coarser goods, and the statement is made that, so far as the fine grades of cotton goods are concerned, the cotton industry is dependent on the tariff. While the tariff on coarse fabrics is held not to be so necessary as the tariff on fine cottons, yet a moderate duty is advocated as a precautionary measure.³ It is feared that if the tariff on the coarse goods were removed, European manufacturers would ship their surplus goods to this country whenever they had an overproduction, and would sell them at prices which would be ruinous to the American manufacturers.⁴ In the opinion of several witnesses, if the tariff on cottons should be repealed or reduced, depression in the cotton industry would immediately result, and manufacturers would be obliged to reduce wages in order to meet foreign competition.⁵ One witness, however, thinks that the cotton manufacturers can get along without any tariff on cottons, inasmuch as they can now beat England in many markets. This witness does not fear that in case of the removal of the tariff foreign manufacturers would dump their surplus stocks in this country. He admits that the reduction of the tariff would cause a reduction of wages, but claims that labor could buy more for the same amount of money than it is able to buy now.⁶ The active competition which it is stated has been developed in the manufacture of printed cottons as a result of the protective tariff has forced manufacturers to look for foreign markets. The fact that the home market is reserved to them has led them to turn out a very large product, and this has resulted in lowering the cost of production and has put the manufacturers in shape to compete in foreign markets. So long as the home market is secured to them, they claim they can turn their attention to extending their foreign trade; but if consumption in this country should be so reduced as to cause a reduction in output, the cost of production would go up, and they would be at a disadvantage in seeking foreign markets. The removal of the tariff on these goods, it is claimed, would not result in any lowering of prices to American consumers, as the English manufacturer would have such an increase of business that he would raise his prices in this country immediately. Printed cottons are now sold at as low prices in this country, it is stated, as goods of the same character are sold in foreign markets, and the American goods are of superior durability, workmanship, and style. It is only exclusive styles which are

¹ Vol. XIV: Chase, 563, 564.

² Vol. XIV: Knowles, 546-549.

³ Vol. XIV: Crapo, 535, 536.

⁴ Vol. XIV: Crapo, 535, 536; Davis, 592, 593.

⁵ Vol. XIV: Godfrey, 473, 476; Pierce, 542.

⁶ Vol. XIV: Lovering, 533, 534.

imported. Formerly, when duties were lower, the gray cottons used for printing purposes were imported, but at the present time gray cottons of home production are largely used.¹

Earnings of cotton mills.—Several witnesses testify that the earnings of the New England cotton mills are not excessive. It is stated that many of the mills are undercapitalized, and that although the dividends are in many cases large if computed on the nominal capital, they are only moderate if computed on the actual capital invested.² Several witnesses testify that the dividends paid by their mills have ordinarily been 6 per cent.³ One witness, however, declares that although as a general thing the mills pay a dividend of about 6 per cent, in some cases special dividends are declared, and that one mill inside of 10 years declared dividends of over 100 per cent. He says, however, that it is fair to state that the owners in this case claimed that the capital stock did not nearly represent the actual value of the mill. According to this witness, when cotton mills are well managed they always make money.⁴

The profits of Southern cotton mills appear so far to have been phenomenally large, one witness testifying that to his knowledge the Dalton mills in 1898 paid a dividend of 45 per cent, and that he is informed by the newspapers that in 1899 they paid a dividend of 93 per cent,⁵ while another witness refers to a mill which made a profit of 62 per cent in 1899.⁶

Present trade conditions.—While the cotton industry has been in a much more prosperous condition during the last 3 years than in the 3 years previous,⁷ conditions existing at the time the testimony of witnesses was taken (February, 1901) were far from satisfactory.⁸ The existing depression in the industry was attributed by some witnesses to the high price of cotton, the high price of cotton being said to be due to increased demand,⁹ by other witnesses it was attributed to the fact that the output of goods was ahead of the market.¹⁰ One witness contended, however, that there was money in cotton manufacturing with the prices of cotton and cloth which ruled at the time of his testimony.¹¹

Cotton machinery.—Very great improvements in cotton machinery have been made in the last 30 years. The improvements made in spindles alone since 1870 have made it possible to double the production of cotton yarn with the same machinery, the same labor, and substantially the same power. In fact, the spindle of the present day is capable of unlimited speed, and the speed of the spindle is now limited only by what the other parts of the machinery will stand. Equally great improvements have been made in looms, and the Northrup loom, but recently put on the market, is said to contain such improvements that a weaver can run from 16 to 20 looms, whereas with the best looms made previous to the introduction of these latest improvements he could run only from 6 to 8 looms; and it is said, furthermore, that he can produce as much cloth per loom, and cloth of as good quality, as he could produce running the smaller number of looms of the old pattern. It is stated, moreover, that it is easier for a weaver to run 16 Northrup looms than to run 8 of the other kind. In Italy a weaver runs only from 1 to 2 looms and in England only from 2 to 4. The Northrup looms are naturally in great demand, and the manufacturers have turned out 2,000 per month during the last year. Foreign manufacturers, as well as those in this country, can procure looms of this pattern, and, in

¹ Vol. XIV: Godfrey, 472-476.

² Vol. XIV: Knowles, 547; Chase, 580; Davis, 580.

³ Vol. XIV: Lovering, 580, 581; Pierce, 544; Chase, 580.

⁴ Vol. XIV: Jackson, 568-569.

⁵ Vol. VII: Mulcahy, 365.

⁶ Vol. VII: Thompson, 771.

⁷ Vol. XIV: Lovering, 580, 581; Crapo, 587; Chase, 587.

⁸ Vol. XIV: Lovering, 580, 581; Crapo, 587; Pierce, 542, 543; Davis, 580, 581.

⁹ Vol. XIV: Lovering, 580, 581; Pierce, 542, 543.

¹⁰ Vol. XIV: Crapo, 587; Davis, 580, 581.

¹¹ Vol. XIV: Jackson, 568, 569.

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fact, the shops in France, Switzerland, and Austria are beginning to build these looms. Some 800 or 1,000 looms of this type have also been shipped to Japan. As a rule American cotton machinery is not exported, as, because of the high wages paid to labor in this country, the cost of production is much greater than in other countries. Substantially 40 per cent of the cost of the machinery, so it is said, is represented by the amount paid to the labor actually engaged in the manufacture of the machinery, without taking into account any other labor cost.¹

There are a large number of concerns in this country manufacturing cotton machinery. In respect to some of the machinery manufactured, these concerns are competitive; in other cases patents give protection from competition. An effort was made a year or two ago, it is said, to form a combination of the manufacturers of cotton machinery, but the effort failed. One reason for the failure is believed to have been that the individual manufacturers, who take a certain amount of pride in their establishments, feared lest their shops might be closed if a combination were effected. Another reason given is that there was a general fear on the part of the manufacturers that the business, being one which requires a great deal of detailed knowledge in its management, would not be so well conducted if interests were combined.² It is claimed, however, by one witness testifying that manufacturers of cotton machinery have an understanding with each other to maintain uniform prices.³ The prices of cotton machinery are somewhat higher now than in recent years, but this is attributed to the fact that there has been more demand for it and to the additional fact that the cost of raw materials is greater.⁴

More or less English cotton machinery is imported, though it is stated that American machines are in every way as good as English machines, and, as a rule, better, and that American manufacturers would prefer American built machinery to English machinery if they could get it for the same price. The great improvements made in cotton machinery during the last 25 years have been all made in this country.⁵ The use of American machinery seems to be constantly growing, however,⁶ and one witness states that, although his mills are equipped with English machinery, because at the time of their establishment English machinery was considered better than American machinery, yet, if the mills were to be equipped to-day, probably American machinery would be purchased.⁷

One manufacturer of cotton goods advocates the removal of the tariff on cotton machinery, in the belief that the manufacturers of cotton are handicapped by the high cost of machinery.⁸ Other manufacturers, however, take the position that the reduction or removal of the tariff on cotton machinery is not called for. The fact that American machinery costs more than English machinery is attributed to the fact that wages are higher in this country than in England, and the belief is expressed that the removal of the tariff would be disastrous to the manufacturers of cotton machinery in this country, whereas it is doubtful if the manufacturers of cotton would be better off in the end.⁹

WOOLEN TRADE.

Production and consumption of wool.—The yearly per capita consumption of wool in the United States is shown to have fallen from 9.07 pounds in 1890 to 6.7 pounds in 1900. This, however, as is pointed out by one witness, appears to be in line with what has occurred elsewhere and is not a condition of affairs peculiar to the United States.¹ The yearly consumption of wool in this country is in the neighborhood of 500,000,000 pounds, an amount considerably in excess of home production. It would require about 60,000,000 sheep to produce this amount, while at the present time there are only about 40,000,000 sheep in the country. Since the enactment of the

¹ Vol. XIV: Draper, 460-470.

² Vol. XIV: Lovering, 533.

³ Vol. XIV: Chase, 558.

⁴ Vol. XIV: Draper, 466, 467.

⁵ Vol. XIV: Chase, 557, 558.

⁶ Vol. XIV: Knowles, 548.

⁷ Vol. XIV: Crapo, 537; Knowles, 548; Davis, 563, 564.

⁸ Vol. XIV: Justice, 370-372.

present tariff law, however, the flocks have been rapidly increasing.¹ In some respects American woolens are thought to be superior to foreign woolens, yet it is stated that, in the blending of certain fabrics for which there is demand, the use of foreign wools is necessary.²

There was a difference of opinion on the part of witnesses who testified in December, 1900, and in February, 1901, as to whether or not the market was at that time wholly free from the wool which had been imported in the last months of the Wilson law in anticipation of the duties of the Dingley law.³ Witnesses agreed, however, that there had been a smaller consumption of domestic wool because of the large importations, and that the stock of wool then on hand was larger on that account than it would otherwise have been.³

American Woolen Company.—A large number of the concerns engaged in the manufacture of woolen goods have consolidated to form the American Woolen Company, with a capital of \$85,000,000. The different plants of the concern manufacture all kinds of woolen goods except ladies' dress goods, the very cheapest shoddy goods, and knit goods. Although the company is a potent factor in the woolen trade, it is stated that it does not possess a monopoly, but that there is lively competition in the industry. Since the formation of the combination there has been a change in sales methods, and now goods are sold directly to jobbers and manufacturing clothiers by the traveling salesmen employed by the company. There has been a considerable increase in the number of employees since the formation of the combination, the reason given for this being that there has been a reduction in the cost of manufacture and an increase in the volume of business. Wages have increased 10 per cent since the formation of the company, and it is stated that the company is to-day paying the highest wages ever paid in this country in woolen manufacturing. The company has realized advantages from buying supplies more economically, from being able to run the different plants better through the comparing of notes by different managers, from effecting savings in freight rates, and from utilizing waste products.⁴

Manufacturing methods.—The methods of business appear to be somewhat different in this country from those followed in England. In England, it seems, each separate process of woolen manufacture—the combing, the spinning, the weaving, the dyeing, and the finishing—is made a separate business, while in this country the processes necessary to convert the wool into the finished cloth are carried on by single establishments.⁵

Quality and prices of woolen goods.—American woolens are held to be fully equal, and in some cases superior, to English goods. One witness says that the worsteds manufactured by the American Woolen Company are superior to Bradford goods; that American kerseys are superior to foreign kerseys; that the clay diagonals made in this country are more honest than the foreign goods and are not surpassed in quality by any foreign makes.⁶ The only foreign-made goods which are admitted to be superior to American goods are the more expensive fabrics, into which more labor is put than is put into the manufacture of any goods in this country.⁶

The prices of woolen goods are said to be considerably higher in this country than in England, the fact being attributed in part to the duty on wool and in part to the higher wages paid in the woolen mills in this country and the greater expense generally of conducting the plants.⁷ Witnesses testify that there has been an increase in the price of woolens in this country since the enactment of the Dingley law, due to the rise in the price of wool.⁸

Export trade.—There is no export trade in woolen manufactures of any account, and the opinion of one manufacturer is that an export trade can be built up only by

¹ Vol. XIV: Justice, 374.

² Vol. XIV: Wood, 516.

³ Vol. XIV: Justice, 382, 388; Wood, 519.

⁴ Vol. XIV: Wood, 512-520.

⁵ Vol. XIV: Steel, 247.

⁶ Vol. XIV: Wood, 515, 517, 519.

⁷ Vol. XIV: Steel, 239.

⁸ Vol. XIV: Folwell, 515, 217; Wood, 516.

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admitting wool free, or by granting a rebate on exported woolens equal to the duty on all the wools used in their manufacture, while at the same time a protective tariff is maintained on manufactured goods.¹

Depression of business.—Witnesses stated that at the time of testifying the woolen business was in a somewhat depressed condition, one witness attributing this to the sharp decline in the price of wool, which had led manufacturers to restrict purchases to immediate needs.² According to another witness, American mills running full time can make in twelve months as many goods as the American people can consume in fifteen months, and as the mills did run on full time from July, 1899, to July, 1900, the market became overstocked.³

Use of shoddy.—There has been a very large increase in recent years in the use of shoddy. This is attributed by one witness to the fact that under the Wilson law the American market was flooded with foreign woolens, that many American mills were closed, and that those which survived were obliged, in order to sell any goods, to make cloth which contained a large percentage of cotton and shoddy.⁴ Another witness attributes the increased use of shoddy to the fact that there has been a great increase in the volume and variety of woolen goods manufactured, to speculation abroad in wool, and to the popular demand for cheap goods.⁵

Goods in which shoddy is used are said to be in general use, and it is held by one witness that the use of shoddy is, on the whole, a public benefit, because satisfactory goods containing shoddy can be bought for very much less money than goods made of pure wool could be bought. No shoddy is used in the higher grades of woolens; a small percentage is used in medium-priced goods. There would be no occasion for the use of shoddy in fine goods, except perhaps for backing purposes. In some fabrics cotton is worked in so skillfully that it is impossible to detect the fact of its existence with the naked eye. It is claimed that in some cases the use of cotton gives a better finished cloth, and that, considering the price of the cloth, its use is an advantage.⁶

The tariff on wool and on woolens.—One extensive dealer in wool, Mr. Justice, is strongly in favor of the maintenance of a tariff on wool, saying that wool can not be produced in the United States, where sheep have to be housed and fed part of the year, in competition with the Southern Hemisphere, where they graze all the year round.⁷ He states that there were only a dozen or fifteen woolen manufacturers in the United States who wanted the experiment of free wool tried, and that since the trial of it under the Wilson law every one of them, without exception, has confessed that it was a serious and costly error. Most woolen manufacturers, he says, think that the present duties on wool are too high, but, while they would like to have them lower, not one of them is willing to take the risk of tariff changes.⁸ Mr. Justice quotes statistics showing that the wool production of the United States has never decreased except when there has been no tariff on wool, and that under protective tariffs it has increased faster than that of any nation in the world. From these figures it appears that from 1873 to 1884, under the highest wool tariff ever imposed, the wool clip of this country increased 100 per cent, while that of Australasia during the same period increased only 64 per cent, that of the Cape of Good Hope only 60 per cent, that of Argentina only 35 per cent, and that of Great Britain only 19 per cent. It also appears from the figures given that the number of sheep in the United States increased from 40,500,000 in 1880 to 50,500,000 in 1884, while under the lower wool duty imposed by the tariff law of 1883 the number decreased from the figures of 1884 to 41,500,000 in 1888, and that under the higher duty of the McKinley

¹ Vol. XIV: Wood, 515.
² Vol. XIV: Folwell, 213.
³ Vol. XIV: Justice, 379.
⁴ Vol. XIV: Justice, 376.

⁵ Vol. XIV: Wood, 517-520.
⁶ Vol. XIV: Justice, 382.
⁷ Vol. XIV: Justice, 382, 397.

law the flocks increased to 47,000,000, only to decrease again under the free wool of the Wilson law to 38,500,000 in 1896. Since the enactment of the Dingley law it appears that the flocks have begun to increase again, and that the number of sheep in the country in 1900 was 40,000,000.¹

Mr. Justice also presents figures to show that, under free wool, wool sold at somewhat lower prices in this country than in England, and that the effect of the removal of the tariff on wool did not, as had been prophesied, have the effect of elevating the London price, and so enabling the American wool grower to get as good a price for his wool as before, but that on the contrary it caused American prices to fall below even what the London price had been. From the figures given it appears also that the London price of wool in 1900 showed that there had been a much greater decline in that market from the prices of 1899 and 1892 than had been the case in this country.² Mr. Justice thinks that it would have been most unfortunate if the treaty of reciprocity with Argentina, by the terms of which the duty on Argentine wool would have been decreased by one-fifth, had been confirmed. Almost all the wool produced in Argentina is similar to our own product, and Mr. Justice holds that if the duty were reduced one-fifth we should soon be importing from that country large amounts of wool similar to that which is raised in this country. In his judgment the argument that, as a result of the confirmation of the treaty of reciprocity, our exports to Argentina, especially our exports of agricultural implements, would be greatly increased is not well based, and he presents a statement showing that in 1897, when we took wool without duty, Argentina bought less than \$500,000 worth of agricultural machinery from this country, while in the 2 years, 1898 and 1899, when there was a duty on wool of 11 cents, our exports of machinery to Argentina amounted to more than \$3,000,000.³

Mr. Wood, president of the American Woolen Company, on the other hand, is an advocate of free wool, claiming that it would be a great advantage to woolen manufacturers, and would not injure the wool grower. According to Mr. Wood there is reason to believe that wool can be raised in the ranch States as cheaply and as advantageously as in Australia, although he admits that in some cases flocks decreased rapidly under the Wilson law. Mr. Wood does not consider wool growing to be an important branch of husbandry in this country, and says that it is chiefly in the hands of a few growers west of the Mississippi, and that more than one-half of the clip of the country is raised on ranches and largely on free Government lands. He believes that wool growing in the far Western States, where land is free, is too profitable to be abandoned, and thinks that the great demand for wool would in itself suffice to encourage wool growing and increase production.⁴

Mr. Wood is, however, a strenuous advocate of the maintenance of the tariff on woolen manufactures, and holds that if the tariff were removed from manufactured goods the country would be inundated with foreign manufactures; that American woolen mills would be obliged to close, and could only resume operations through adjusting wages to meet European conditions. Even if wool were admitted free he would be emphatically opposed to the abolition of the tariff on woollens.⁵ The rebate on exported woollens in the manufacture of which foreign wool has been used, to the extent of the duty on the imported wool, Mr. Wood says, is not of any practical advantage, as both foreign and domestic wools are used in the manufacture of cloth, and the calculation which would be necessary in order to fix the amount of the rebate, would be very complicated.⁶ With free wool and a duty on manufactured woollens, Mr. Wood holds that woolen manufacturers would be enabled to build up an export trade and would therefore be enabled to keep their mills running on fuller time, give their employees more steady work, and produce a greater

¹ Vol. XIV: Justice, 372-374.

² Vol. XIV: Justice, 378, 379.

³ Vol. XIV: Justice, 386-396.

⁴ Vol. XIV: Wood, 516-518.

⁵ Vol. XIV: Wood, 517.

⁶ Vol. XIV: Wood, 515.

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volume of goods at a lower cost.¹ Mr. Wood states elsewhere, however, that the mills are busier at the present time than they were during the free wool period,² but it is his opinion that American manufacturers did not have sufficient time to make a satisfactory experiment with free wool, and that it is probable that if they had been given sufficient time they could have held their own, provided always that protection on manufactured goods had been maintained.³ Other manufacturers testify that during the operation of the Wilson law their business was in a very depressed condition, one witness stating that he was obliged to close his mills for a time,⁴ while another witness says that he ran his mills only up to one-half of their capacity during the period of the Wilson law.⁵

Undervaluations.—The undervaluation of imported woollens is referred to by witnesses,⁶ and one witness is of the belief that undervaluation is a general practice of German manufacturers and exporters when they have to meet an ad valorem tariff. He states that a German manufacturer suggested to him a valuation of 10 per cent below the actual price as the usual custom-house valuation.⁷ The fact that ad valorem duties offer such opportunities for undervaluation is given by one witness as a reason for believing that the increased importations under the Wilson law, as shown by the statistics of the Treasury Department, do not represent the actual increase.⁸

CARPET TRADE.

Development—Present conditions.—There has been such growth in carpet manufacture in this country during the last century that, whereas in 1850 only about 10 per cent of the carpets used in the United States were of American manufacture, at the present time American mills supply some 90 per cent of the home demand. It is estimated that about \$50,000,000 is invested in the industry, that the value of the yearly product is not much under \$75,000,000, and that fully 250,000 running yards of floor covering are turned out daily by the carpet mills of the country. The manufacture of rugs is looked upon as a branch of the carpet industry.⁹ The great development of the industry is attributed to our protective tariff policy.¹⁰

The carpet industry has shared in the general prosperity of the country during recent years, and it is stated that there has never been a time when more carpet and rug looms were in operation or labor more steadily employed than is the case to-day.¹¹ The increased prosperity has been accompanied by a rise in prices of from 10 to 15 per cent, the advance being attributed in part to the paying of higher wages, and in part to the imposition of the duty on carpet wools.¹² The reduction of the duty on carpet wools is favored by one witness, who states that carpet wools are not produced in this country, and that therefore the tariff is not necessary for the protection of any American industry, while it is somewhat of a handicap to the carpet manufacturing trade.¹³

Export trade.—There is some export trade in carpets, the highest point having been reached in 1894, when \$250,000 worth were exported. Three causes are assigned for the fact that exports have fallen off since that time, viz, an increased demand at home which has left little surplus for export, the manufacture of cheap carpets in England and the consequent retention of the English market for that class of goods by home producers, and the provisions of the Dingley law in respect to the tariff on carpet wools. A duty of 4 cents per pound is imposed on carpet wools costing less than 12 cents, and a duty of 7 cents per pound on carpet wools costing more

¹ Vol. XIV: Wood, 550.

² Vol. XIV: Wood, 516.

³ Vol. XIV: Wood, 516, 518, 519.

⁴ Vol. XIV: Steel, 226, 227.

⁵ Vol. XIV: Folwell, 214, 215.

⁶ Vol. XIV: Steel, 240, 241; Justice, 320.

⁷ Vol. XIV: Steel, 240, 241.

⁸ Vol. XIV: Justice, 320.

⁹ Vol. XIV: McNeir, 708.

¹⁰ Vol. XIV: Dornan, 310; McNeir, 708.

¹¹ Vol. XIV: McNeir, 708, 710.

¹² Vol. XIV: McNeir, 717.

¹³ Vol. XIV: McNeir, 708, 717, 718.

than 12 cents. In order to take advantage of the 4-cent duty American manufacturers, in buying foreign wools, are obliged to pass by wools sold at a price slightly above 12 cents a pound, when, if it were not for the difference of 3 cents in the duty, it would be considerably to their advantage to buy wools of that grade. It is stated that the rebate of the duty on exported goods does not meet the difficulty because of the cost and trouble involved in tracing the imported wool from the time it enters the factory until the finished product is ready for export, and the loss of interest on the money which is paid in duties when the wools are brought into the country.¹

The prices on exported goods are made somewhat lower than the prices on goods sold for domestic consumption, this being said to be necessary in order to enable American manufacturers to compete in local foreign markets. Only surplus products are sold abroad, and manufacturers hold that it is better to run their mills steadily at full capacity, thereby reducing the cost of production to a minimum, and dispose of the surplus stock at cost, or nearly cost, abroad than to force the surplus production upon the home market and thus demoralize prices. The criticism which might be made to the effect that the protection given the carpet industry has served to increase prices to the American consumer is met by the statement that whereas a yard of Wilton carpet sold at wholesale in 1875 for \$3.25 and a yard of Moquette carpet sold in 1877 for \$2, the price of a yard of Wilton carpet in 1900 was \$1.95 and the price of a yard of Moquette was 85 cents, the conclusion being drawn that home competition has reduced prices and taken care of the interests of the consumer. The growth of foreign trade in carpets, it is claimed, is dependent on the continuance of protection to the industry and the reservation of the home market to the American manufacturers, as it is possible for them to compete with foreign producers only in the sale of their surplus product.²

Oriental rugs.—The lowering of the tariff on Oriental rugs is advocated on the ground that these goods do not come into competition with any goods of American manufacture, and that, therefore, no American industry would be injured by the reduction of the tariff. On the contrary, it is claimed that the importation of Oriental rugs has done much to stimulate a demand for American rugs and to increase the popularity of carpets woven in one piece, and that this fact is recognized by American carpet and rug manufacturers.³

Straw mattings.—The testimony of witnesses goes to show that the large importations of straw mattings from China and Japan have had a serious effect upon the manufacture of ingrain carpets in this country. One witness states that statistics collected some 5 years ago showed that the sale of ingrain carpets had been reduced fully 25 per cent through the increased importation of straw mattings.⁴ From 1890 to 1893 the yearly output of ingrain carpets was more than 50,000,000 yards.⁵ From that time on the output has steadily decreased, until in 1900 it was only about 33,000,000 yards.⁶ Only 8,000,000 yards of matting were imported in 1892, while nearly 40,000,000 yards were imported in 1900.⁶ The cheapness of straw mattings is largely due to low wages paid to the labor employed in their manufacture. The Chinese weaver receives only about 5 cents a day in gold, and the Japanese weaver only about 10 cents a day in gold as wages, while American weavers of ingrain carpets are paid \$2 a day.⁷ The present rates of duty on straw mattings are 3 cents per yard on mattings costing not over 10 cents per yard, and 7 cents per yard and 80 per cent ad valorem on mattings costing more than 10 cents a yard. Ninety-five per cent of the mattings imported are said to cost less than 10 cents a yard, and to pay, therefore, only 3 cents per yard duty.⁸ It is the opinion of witnesses that unless something is done to protect the American manufacture of ingrain carpets there is danger that the industry will be destroyed.⁹ Two remedies for the existing state of affairs are sug-

¹ Vol. XIV: McNeir, 706, 709, 716.

² Vol. XIV: McNeir, 706, 710, 719.

³ Vol. XIV: McNeir, 710-712.

⁴ Vol. XIV: McNeir, 712.

⁵ Vol. XIV: Dorman, 310.

⁶ Vol. XIV: McNeir, 712.

⁷ Vol. XIV: Dorman, 312, 314; McNeir, 714, 715.

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gested, viz, the increase of the duties on straw mattings to a point such that the manufacture of ingrain carpets will be reasonably protected against their competition,¹ and the adoption of bimetallism by international agreement.²

SILK TRADE.

Development.—The manufacture of silk in the United States was first attempted during the years 1825 to 1830.³ At first, the only business of any account was done in the manufacture of sewing silks and threads.⁴ Experiments in the manufacture of silk textiles were going on all the time, but it was not until after the civil war that the production of woven goods really amounted to anything, and the development of silk weaving may be dated from that time, the growth of the industry being attributed by witnesses to the protection given it by the tariff law then enacted.⁵ In the early seventies the yearly silk production amounted to only about \$5,000,000, while in 1900, according to the census figures, the output of all kinds of silks amounted to \$107,256,258.⁶ The United States is said to rank first among civilized countries in respect to the quantity of silk manufactured and second in respect to the selling value of the manufactured goods, France being first.⁷ American manufacturers supply from two-thirds to three-fourths of the home demand,⁸ and, according to the census figures of 1900, silk mills are to be found in 26 different States and more than 65,000 persons are employed in the mills. There are 44,306 looms in operation, of which only 173 are hand looms; \$81,052,201 is invested in the industry, and the total wages paid out in 1900 amounted to \$20,982,184.⁹

At first, silk manufacture centered in New Jersey, but later the industry began to branch out, and there has been considerable development in other States, especially in Pennsylvania. One witness attributes the growth of the industry in Pennsylvania to the fact that labor troubles were serious and frequent in the New Jersey mills,¹⁰ while another witness seems to think that silk mills were established in Pennsylvania in order that manufacturers might avail themselves of the cheaper labor there, as well as for the purpose of being free from labor troubles.¹¹

Under the old system of manufacturing silk abroad, a so-called manufacturer did not necessarily have any mills or machinery, but perhaps maintained only a warehouse, bought his trams and organzines, sent them to the dyer, afterwards to the weaver, and finally to the finisher. Of late years, however, something approaching our factory system has grown up abroad.¹² In this country all the processes necessary to convert the raw material into the finished product are in many cases carried on under one management,¹³ though frequently, it is stated, manufacturers do not have finishing departments.¹⁴

Piece dyeing and printing branches have increased rapidly in the United States in recent years, so that, according to one witness, American manufacturers dye and print not only domestic silks, but also some imported silks.¹⁵ In some respects American dyers are said to be ahead of foreign dyers, especially in respect to the rapidity with which they turn out work. Not only do they turn out goods in a fractional part of the time required by foreign dyers, but the work is better done.¹⁶

There appears to be no doubt that American silk mills are fully as well equipped as are foreign mills,¹⁷ and, according to one witness, the best looms in the world are

¹Vol. XIV: Dornan, 310-315; McNeir, 715.

²Vol. XIV: Dornan, 310-315.

³Vol. XIV: Allen, 670.

⁴Vol. XIV: Cheney, 726, 727, 730.

⁵Vol. XIV: Allen, 670; Andrews, 692; Homer, 700; Cheney, 726.

⁶Vol. XIV: Allen, 685, 686.

⁷Vol. XIV: Allen, 686.

⁸Vol. XIV: Cheney, 727.

⁹Vol. XIV: Allen, 685, 686.

¹⁰Vol. XIV: Allen, 680.

¹¹Vol. XIV: Homer, 702, 708.

¹²Vol. XIV: Cheney, 728.

¹³Vol. XIV: Homer, 700.

¹⁴Vol. XIV: Allen, 674.

¹⁵Vol. XIV: Weidmann, 704, 707.

¹⁶Vol. XIV: Allen, 678, 674.

made in this country,¹ while another witness states that the facility with which the American mill changes from the manufacture of light to heavy silks, from simple to complicated, from plain to faconné, and from yarn to piece-dyed weaves is remarkable; and it is stated the machinery is such that a simple weaver can do work which in other countries can be done only by the most skilled and experienced workers.² Every style of silk goods, with the exception of a few high-priced specialties, are now manufactured in this country,³ and it is held that American silks and silk velvets are fully equal to foreign-made goods.⁴ In the printing of silks, American manufacturers are said to do as good work as is done in France,⁵ and in the charging of silk to employ more careful methods than those followed in Europe.⁶ American sewing silks are acknowledged to be the best in the world.⁷ Many fabrics are made which are a combination of silk and other materials, as cotton or wool. It is stated, however, that these goods are sold for what they are and not as pure silk textiles.⁸

Raw silk and silk culture.—Although there seems to have been a good deal of honest effort made to establish silk culture in this country, no success in that direction has been achieved.⁹ This seems to be due entirely to the fact that labor in this country is expensive and that it is impossible for Americans to compete with the cheap labor of European and Asiatic countries, as in some parts of the United States both climatic conditions and soil are favorable for the raising of silk worms.¹⁰

Of the countries from which raw silk is imported into the United States, Japan, it is stated, was in the lead in 1900 both in respect to the number of pounds imported and to the value of imports; China came second in respect to the number of pounds, third in respect to the value of imports, and Italy came third in respect to the number of pounds and second in respect to the value of imports.¹¹ American manufacturers, it is stated, use only the best qualities of raw silk.¹²

Prices of silk textiles.—Witnesses state that the prices of silk are controlled by market conditions rather than by cost of production.¹³ It is safe to say, however, that prices have materially declined in the last 20 years, one witness stating that silks can be bought at the present time for half the prices charged for the same grades 20 years ago.¹⁴ If the silk industry in this country should be destroyed, American consumers would, according to another witness, undoubtedly have to pay much higher prices for silk goods.¹⁵

Foreign trade.—Importations of silk goods appear to be practically limited to specialties, high-grade novelties, and to the very cheapest grades of silks.¹⁶ At times, foreign silk manufacturers have dumped their surplus stocks in the American market, selling them at prices as low as were necessary to enable them to dispose of their goods. This has been largely done away with, however, it is stated, by the imposition of specific duties on silks.¹⁷

There is no export trade as yet in silk manufactures,¹⁸ and, according to one witness, that is not to be expected at present, as the cost of production is too great and the wages paid are too high to admit of it.¹⁹

The silk industry and the tariff.—Not only is it the opinion of witnesses that the silk industry owes its existence in this country to the protective tariff, but it is also their belief that the industry is still dependent on tariff protection²⁰ and that a material

¹ Vol. XIV: Weidmann, 707.

² Vol. XIV: Allen, 673, 674.

³ Vol. XIV: Weidmann, 704, 707.

⁴ Vol. XIV: Allen, 672.

⁵ Vol. XIV: Allen, 687, 688.

⁶ Vol. XIV: Homer, 701.

⁷ Vol. XIV: Allen, 671, 672; Homer, 700, 701; Cheney, 726, 727.

⁸ Vol. XIV: Cheney, 726, 727.

⁹ Vol. XIV: Andrews, 681.

¹⁰ Vol. XIV: Allen, 672; Cheney, 727.

¹¹ Vol. XIV: Andrews, 690; Cheney, 730.

¹² Vol. XIV: Cheney, 730.

¹³ Vol. XIV: Andrews, 690.

¹⁴ Vol. XIV: Cheney, 727.

¹⁵ Vol. XIV: Allen, 679; Andrews, 692.

¹⁶ Vol. XIV: Allen, 679; Andrews, 690; Homer, 703.

¹⁷ Vol. XIV: Allen, 675.

¹⁸ Vol. XIV: Dimock, 696; Cheney, 731.

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reduction in the tariff on silks would have a most depressing effect on the silk industry,¹ and would result in an immediate reduction of wages.² One witness thinks that it is possible that, in case the tariff were removed, American manufacturers would transfer their machinery to foreign countries, use American methods of manufacture, and produce goods there for the American market.³ During the years from 1893 to 1897, under the Wilson tariff, it is stated, the industry was in a depressed condition and few mills ran on full time.⁴ So far as sewing silk is concerned, it is thought that the duty could be lowered perhaps 50 per cent without inflicting any injury upon the industry, but in the opinion of the witness making this statement the consumers would reap no advantage from a lowering of the duties.⁵

Specific duties are favored by witnesses⁶ on the ground that they afford less opportunity for undervaluation than is offered by ad valorem duties, and the extension of specific duties on silks, by the provisions of the Dingley law, is approved of.⁶

PLUSH TRADE.

Previous to 1883 all mohair, car, and furniture plushes were imported. In the spring of that year the first crushed furniture plush of American manufacture was put on the market, but it was not until the summer of 1884 that mohair plushes satisfactory to American consumers were produced in this country. As soon as American plushes were put on the market, foreign manufacturers reduced their prices to American jobbers and continued to make great reductions in prices for the three years following the beginning of American competition. As there had been no change in the cost of mohair during that time, the reduction in price, it is declared, must be attributed solely to the competition of American producers.

It is stated that American manufacturers have been greatly handicapped by the undervaluation of imports, but that they nevertheless have been able, under the tariff protection afforded to them, to meet foreign competition, and that a considerable number of factories which compete actively with each other have been established. As a result of home competition the prices of plush to the American consumer have decreased by from 33½ to 40 per cent from the prices which prevailed previous to the establishment of the industry in this country. During the last three years business has been prosperous, though under the operation of the Wilson law it is stated to have been in a depressed condition.⁷

LINEN THREAD TRADE.

The amount of linen thread consumed in the United States is said to equal the amount consumed in all the rest of the world, and nine-tenths of the thread consumed is the product of American mills. The establishment of linen-thread manufacture in this country is attributed to the protective tariff, and the statement is made that if the present tariff duties should be repealed or lowered the linen-thread industry would be transferred to foreign countries. There are reported to be eight linen thread mills in this country altogether. Four of these mills distribute their product through the Linen Thread Company, a company formed specifically for the purpose of distributing their goods. All the flax used by the mills represented by the Linen Thread Company is imported, some being imported in the rough state and some after being hackled. It is said to be more profitable to have tow spun in Ireland and to import the yarn than to manufacture the yarn in this country.⁸

¹ Vol. XIV: Homer, 708.

² Vol. XIV: Weidmann, 708.

³ Vol. XIV: Weidmann, 707; Cheney, 732.

⁴ Vol. XIV: Dimock, 696, 697.

⁵ Vol. XIV: Allen, 678-683; Andrae, 651, 662.

⁶ Vol. XIV: Allen, 678, 686.

⁷ Vol. XIV: Hopewell, 621-628.

⁸ Vol. XIV: Barbour, 723-728.

BOOT, SHOE, AND LEATHER TRADES.

Development of boot and shoe manufacture.—The first radical change from old hand methods in the manufacture of boots and shoes came in 1860, when the McKay sewing machine for sewing soles to uppers was invented and put into use.¹ Since that time other machines have been invented and the industry has been completely revolutionized.² The effect of the introduction of machinery, according to witnesses, has been to cause an infinite subdivision of labor;³ to decrease cost of production, and therefore to lower prices;⁴ to improve the quality of shoes;⁴ to give a great variety of styles,⁵ and, on the whole, to make it possible for one to obtain at the ordinary shoe store as thoroughly satisfactory shoes as those made to order and at much lower prices.⁶

The output of boots and shoes has increased very materially since 1860, the total output for that year, both factory and custom work, according to figures compiled from the census reports by Mr. C. H. M'Dermott, editor of the Boot and Shoe Recorder, being \$91,889,298, while in 1890 it was \$255,180,698.⁶ The leading position in the manufacture of boots and shoes has from the first been held by New England. The census report of 1860 shows that in that year 59.6 per cent of the total output of boots and shoes was produced in New England. In 1890, of the total product of both factory and custom-made goods, 56.5 per cent was manufactured in New England, and of the factory product alone 63.4 per cent. It appears also that the wages per capita and the product per man are greater in New England than elsewhere.⁷

Referring to the quality of American shoes, one witness states that American manufacturers lead the world in shoe styles, and that the American shoe combines the grace and beauty of the French shoe with the stability of the English shoe and without its clumsiness.⁸

Leather manufacture.—It is the belief of one manufacturer of leather that in spite of the high wages paid in this country leather can be manufactured here as cheaply as anywhere because of the use of improved and scientific methods of tannage.⁹ The new chemical process of tannage which has come into use within the last 20 years, is said by one witness to be a special process for the tannage of goat skins.¹⁰ It is stated by another witness, however, that the new process is applicable to all kinds of leather.¹¹ The glazed kid produced by this new process of tannage has driven French kid from the American market, and is even being sold in France in competition with the home product. The glazed kid is more durable than French kid and can stand exposure to the weather better, while at the same time it is much cheaper, being sold at from 20 to 25 cents a square foot, while French kid costs from 60 to 70 cents per square foot.¹²

Foreign trade.—There is a considerable export trade in leather, the exports for 1900 having amounted to more than \$20,000,000. The imports of leather for the same year amounted to something over \$6,000,000.¹³ The export trade in boots and shoes, it is stated, has been constantly growing for the past 10 years, the growth during the last three years having been especially marked. The principal markets for American shoes are found in Great Britain, Australia, the West Indies, Canada, Mexico, and Central America.⁷ The growth in foreign trade is attributed to the fact that American manufacturers have made more of an effort to sell goods abroad than was

¹ Vol. XIV: M'Dermott, 496.² Vol. XIV: Howe, 486; M'Dermott, 496.³ Vol. XIV: Howe, 478.⁴ Vol. XIV: M'Dermott, 499.⁵ Vol. XIV: Howe, 486.⁶ Vol. XIV: M'Dermott, 500.⁷ Vol. XIV: M'Dermott, 499, 500.⁸ Vol. XIV: Schober, 344.⁹ Vol. XIV: Foerderer, 319.¹⁰ Vol. XIV: M'Dermott, 508.¹¹ Vol. XIV: Foerderer, 317.¹² Vol. XIV: Foerderer, 315, 316.¹³ Vol. XIV: M'Dermott, 507, 508.

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formerly the case. The growth of competition at home, especially the growth of Western competition, has made it more difficult to sell shoes in the American market, and Eastern manufacturers have been led to look to foreign markets.¹ Quite a trade with Cuba had been worked up by one firm of American manufacturers, but this trade was very largely destroyed when the rebellion in that island broke out and has not since been regained.² One manufacturer testifies that he sells about 10 per cent of his total output in foreign markets, the largest trade being with Australia. The goods are sold for cash, a draft being made against the bill of lading.³ The prices made on exported goods are stated to be practically the same as those for which similar goods are sold in this country.⁴ Practically no boots and shoes are imported.⁵

Combination in boot and shoe trade.—At present there is active competition in the boot and shoe manufacturing industry, and it is stated that there is no agreement whatever among manufacturers in respect to output, prices, or wages.⁶ The formation of a combination is thought desirable by one witness, who states that some attempt has been made, though unsuccessfully, to bring about a consolidation of interests.⁷

The possibility of forming a combination of boot and shoe manufacturers is doubted by witnesses, on the ground that the business is too complicated and the interests too varied and too widely separated to permit it.⁸ Most of the concerns engaged in the manufacture of boots and shoes, it is stated, are partnerships, though the number of corporations is growing.⁹

The tariff on hides.—Shoe manufacturers in general, it is stated, consider the tariff on hides a handicap, but, in the opinion of the witness responsible for the statement, they exaggerate the effect, and the sentiment in favor of a change in the hide tariff is not so pronounced as it was at first. The fact that in 1872 when the 10 per cent duty on hides was removed, the price of imported hides advanced by the amount of the duty is referred to by this witness, and the recent advance in the price of hides is attributed to the great decrease in the domestic supply, and to the return of general prosperity rather than to the duty on hides. It is pointed out that, assuming that the duty on hides increases the price, the percentage of increase in the price of leather would be equal to only one-half the rate of duty on hides, because the cost of the hide represents approximately only one-half the cost of the leather; and that, inasmuch as the leather in the shoe represents roughly only one-third of the value of the shoe, the percentage of increase in the price of the shoe would be equal to only one-sixth the rate of duty on hides. Attention is also called to the fact that there has been a general decline in the price of shoes since the duty on hides was imposed, and that the exportations, both of leather and of boots and shoes, have increased.¹⁰ One manufacturer testified that, in his opinion, the duty on hides handicaps the export trade in boots and shoes a little, but not very seriously, and that he himself finds it no obstacle,¹¹ while another manufacturer thinks the duty a great injury to the shoe manufacturer and wants it abolished. In the opinion of this witness the meat packer gets the principal benefit from the duty, and the price of cattle is not affected by it.¹² The drawback on exported leather, or leather goods, equal to the duty on the imported hides used in their manufacture is held to be an advantage to the manufacturers of leather, but not a particular benefit to the manufacturers of boots and shoes.¹³

The tariff on boots and shoes.—The tariff on boots and shoes is thought by witnesses to have no practical effect on the industry. The retention of the tariff is advocated

¹ Vol. XIV: M'Dermott, 501.

² Vol. XIV: Schober, 343.

³ Vol. VII: Tilt, 676-680.

⁴ Vol. VII: Tilt, 680. Vol. XIV: M'Dermott, 508.

⁵ Vol. XIV: M'Dermott, 508.

⁶ Vol. XIV: M'Dermott, 508.

⁷ Vol. VII: Cole, 729.

⁸ Vol. VII: Tilt, 676; Cole, 729.

⁹ Vol. XIV: M'Dermott, 505.

¹⁰ Vol. XIV: M'Dermott, 508, 507, 509.

¹¹ Vol. VII: Tilt, 679.

¹² Vol. XIV: M'Dermott, 507.

by one witness, however, on the ground that foreign competition in the future, as foreign manufacturers are ^{one of} dangerous for- of the most improved shoe machinery and have a great advantage in the price labor.¹ Another witness, however, does not fear foreign competition, even if American machinery should come into general use, because of the lower intelligence of foreign workmen.²

Shoe machinery—United Shoe Machinery Company.—Under the trade custom now followed, little, if any, shoe machinery is sold outright to shoe manufacturers, but the machines are almost exclusively put out on rental and royalty under agreements made between the owners of the machines and the manufacturers of boots and shoes.³ The amount of royalty to be paid is based on the extent to which the machine is used, indicators being attached to machines to show how much use is made of them.⁴ Practically the same terms it is stated are made to the small as to the large manufacturers.⁵

In the manufacture and control of shoe machinery the United Shoe Machinery Company holds a commanding position. It is claimed, however, that the company has a monopoly only to the extent to which it has secured control through the possession of patents and through its enterprise in furnishing manufacturers with the best machinery. It is admitted, however, that it would take a new company quite a number of years to reach the efficiency and to be able to offer all the facilities that the United Company is able to offer. The company confines its own business to the United States and to Australia, but controls corporations in other countries through which it controls practically the whole of the manufacturing territory of Europe.⁶ There are other concerns manufacturing similar machines,⁷ but it seems that it has been the custom of the United Company to rent its machines to manufacturers only on condition that they use them in conjunction with other machines manufactured by it to the exclusion of those of other concerns.⁸ This the company has been able to do, as it would be difficult to conduct a shoe factory successfully without using some of the machines controlled by it.⁹ This custom has, however, led to some friction between the shoe manufacturers and the United Shoe Machinery Company, and there have been negotiations in reference to it between the New England manufacturers and the managers of the company. As the result of these negotiations, there have been some modifications of the terms of the agreements, and at the present time the shoe manufacturer is not prohibited from using the machines of other concerns, but is simply given better rates if he uses all the machinery of the United Company in his factory which he can use to advantage.¹⁰

The United Shoe Machinery Company is a consolidation of several concerns which were formerly engaged independently in the manufacture of shoe machinery. Stock of the new company was exchanged for the stock of the constituent companies on an agreed basis. At first each separate company retained its own business, but later all the assignable property possessed by the different concerns was conveyed to the new company, and the intention is that in time all property of every form possessed by the constituent corporations shall be vested in the United Shoe Machinery Company.¹¹

Before consolidation the separate companies were obliged to maintain agencies in all the shoe manufacturing centers, at which agencies there had to be a superintendent, one or two clerks, and a number of trained men familiar with the construction and operation of the machines rented, whose duty it was to see that the machines were kept in good running condition. It was thought that one set of men in each place could look after the machines as well as three sets of men, and this, it is stated,

¹ Vol. XIV: M'Dermott, 506.

² Vol. XIV: Schober, 343, 344.

³ Vol. XIV: Howe, 487, 490, 491; M'Dermott, 508.

⁴ Vol. XIV: Howe, 491; M'Dermott, 508.

⁵ Vol. XIV: Howe, 491.

⁶ Vol. XIV: Howe, 488, 490, 491.

⁷ Vol. XIV: M'Dermott, 508.

⁸ Vol. XIV: M'Dermott, 511.

⁹ Vol. XIV: M'Dermott, 510.

¹⁰ Vol. XIV: Howe, 488; M'Dermott, 508, 510-512.

¹¹ Vol. XIV: Howe, 494, 495.

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the combination. Another reason was the principal reason for the enabled to obtain advantages from patents which that all the be controlled by one company exclusively.¹ It is stated that more workmen are employed in the factories of the United Shoe Machinery Company than were ever employed by the constituent companies, and that the number of men employed at the agencies established throughout the country for the purpose of superintending the erection and operation of machines has not been reduced, as might have been expected, the reason for this being that business has greatly increased since consolidation as a result of general prosperity, and that better service has been rendered to the manufacturers and therefore the use of machinery extended. Wages have remained substantially the same since consolidation.² There has been some reduction in the rental charges for machines.³

It is claimed that the formation of the combination has not had the effect of cutting off inventions and that there has been no diminution of invention in any direction. It is stated to be the policy of the company to foster new inventions and to improve machinery as much as possible in order to maintain its hold on business and to be able to supply manufacturers with the best machines. Men are continually employed for the purpose of devising new inventions.⁴

The foreign trade in shoe machinery is said to be increasing very rapidly, especially in Germany. The United Shoe Machinery Company has a small factory in Frankfurt with American superintendents and two or three American workmen.⁵

In the opinion of an officer of the United Shoe Machinery Company, the reduction of the tariff on steel would have no effect whatever on the shoe machinery industry, as the value of the raw material which enters into shoe machinery is so slight in comparison with the value of the labor that is put into it that a diminution of 50 per cent in the cost of raw material would represent very little difference in the cost of the machines. So far as the tariff on shoe machinery is concerned, it is said the patents and the skill in manufacture possessed by the manufacturers in this country would enable them to control their own market if the tariff were removed.⁶

IRON AND STEEL PRODUCTS—MACHINERY—LOCOMOTIVES.

Locomotives and railroad equipment.—The locomotive of to-day is a vastly different piece of mechanism from that of sixty years ago. At the beginning of railroad operations in this country the locomotive in use had but a single pair of driving wheels and weighed probably not over 12 or 16 tons. Later 2 more driving wheels were added and were coupled together. Afterwards locomotives were built with 6 or 8 driving wheels, which were coupled, and were increased in weight until to-day freight locomotives of 100 tons and passenger locomotives of from 70 to 80 tons are the rule. Forty years ago the tenders built had a capacity of about 2,000 gallons, while the tenders of to-day have a 7,500 gallon capacity. One of the greatest improvements in the manufacture of locomotives has been the substitution of steel for iron to a great extent. The boilers now made are capable of bearing a steam pressure of 200 pounds to the square inch, whereas thirty or forty years ago 100 pounds was the ordinary pressure. Steel rails weighing 100 pounds to the yard are to-day used on the roads of heaviest traffic, and cars are built to carry a load of 50 net tons. Forty years ago railroads were, for the most part, laid with iron rails weighing less than 60 pounds to the yard, and 10 tons of freight was considered the maximum carload.⁷

There are reported to be some 10 large locomotive works in the United States, the Baldwin Locomotive Works of Philadelphia being not only the largest of these but

¹ Vol. XIV: Howe, 483.

² Vol. XIV: Howe, 485, 487.

³ Vol. XIV: Howe, 490.

⁴ Vol. XIV: Howe, 485, 489.

⁵ Vol. XIV: Howe, 489.

⁷ Vol. XIV: Converse, 231, 232.

the largest in the world. In 1900 these works turned out 1,200 locomotives of a value of between \$16,000,000 and \$17,000,000. As a rule it is stated the railroad companies do not manufacture their own locomotives, but buy them from regular locomotive manufacturers.¹

The Baldwin Locomotive Works own a patent for a compound locomotive which is largely used both in America and abroad. Aside from this, however, it is stated that there are no patents covering any important features of locomotives.²

Locomotives have been exported for the last forty years, and a large export trade has been built up. At first the trade was confined chiefly to Cuba and South America, but within the last 25 years it has been extended to the Eastern Hemisphere, and its growth has been very great in the last 10 years. American locomotives are now sent to almost every country where railroads are in operation, some locomotives having been sent to England, France, Germany, and Russia. The Russian Government, it is said, orders locomotives abroad only when the Russian works can not supply the demand. As in most European countries the railroads are controlled by the government, foreign tariffs cut no great figure in the American export trade. The advantages possessed by American locomotive builders are said to be found in the great capacity possessed by their plants, and in their excellent facilities, which make it possible to fill a large order in a very short time; in the superiority of American locomotives in respect to size, type, and details; and in the fact that American locomotives can be built at a less cost per unit of weight than the ordinary European locomotives. The export business of the Baldwin Locomotive Works constitutes a quarter to a third of its whole trade, and the company has agencies in England, Norway, Sweden, Russia, China, Japan, and Germany. Long credits are not given by this company, but the larger part of the price of a locomotive is ordinarily paid when the contract is completed, a small percentage being retained for a time as a guaranty against defects.

The locomotives sent abroad are substantially the same in type as those used in America, but are much lighter and less powerful than the average American locomotive. American and European locomotives, it is stated, have been growing more and more alike in type, the two principal points of difference now being the use of the bar frame in America and of the plate frame in Europe, and the invariable use of outside cylinders in America, while inside cylinders and crank axles are largely used in Europe. The prices charged for locomotives sent abroad are practically the same as the prices for which they are sold in this country.³

Mr. Converse, of the Baldwin Locomotive Works, is of the opinion that foreign locomotives would not be imported into this country if there were no duty at all upon them. He knows of only one locomotive which has been imported in 25 years, and that was brought in simply as a sample of a new type and of English workmanship. The materials used in locomotive manufacture are not imported except in cases where a preference is expressed for certain appliances or parts of foreign manufacture. When these materials are imported, a drawback of the tariff paid on them is obtained when the locomotives into which they enter are exported.⁴

Business conditions, so far as locomotive manufacture is concerned, are reported to be more prosperous at the present time than in the years immediately following 1893, this being attributed to the general prosperity of the country, the large demand abroad for American agricultural products, the great development of railroad transportation, the sound financial condition of the country, and the fact that a drawback is given on foreign-made materials used in locomotive manufacture when the locomotives are sent to foreign countries.⁵

¹ Vol. XIV: Converse, 230, 231.

² Vol. XIV: Converse, 233.

³ Vol. XIV: Converse, 231-236.

⁴ Vol. XIV: Converse, 233-236.

⁵ Vol. XIV: Converse, 234.

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Some efforts have been made to form a combination of the locomotive works of the country, but they have thus far been without success, as certain of the manufacturers do not favor the project.¹

Power engines.—With the general improvement in business conditions in recent years came a great demand for power engines. The greatness of the demand is attributed by one witness, a manufacturer of steam engines, to the fact that because of the industrial depression, which began in 1893, manufacturers continued to use their old engines instead of buying new ones, and that when business revived the normal demand was increased by orders which, under prosperous conditions, would have been placed a year or two earlier. The cost of production of steam engines is stated to be apparently no greater in this country than abroad in spite of the fact that higher wages are paid here, because of the greater skill of the workmen and the ease with which they adapt themselves to improved methods.²

Armor plate.—The profit on armor plate is stated to be very large, one witness estimating it at 23 per cent,³ while another witness says that the profit is "something enormous."⁴ The large profits are justified by both these witnesses, however; by one on the ground that an immense outlay of money is necessary in order to build an armor plant, and that the business is not continuous;⁴ by the other because of the great risk of rejection. This witness states that when tests of armor plate are made by the Government the separate pieces are not tested, but that the whole lot is accepted or rejected according to the results of two shots, and that if the plate is rejected it is a total loss. The specifications under which armor plate is made for the United States Government are stated to be more severe than the specifications made by any foreign government.⁵

Drop forgings.—There are stated to be a large number of concerns in the country manufacturing drop forgings, and all competing actively with each other, not only in the domestic market, but also in foreign markets.⁶ Drop forgings of all kinds are sold abroad, and one manufacturer reports that about one-eighth of the products manufactured in the works of his company are exported. Some few of the exported goods of this company are sold at lower prices in the foreign market than in the domestic market, but many of the goods are sold at higher prices abroad than at home. The company simply meets the market and gets the largest price it can.⁶

Transmission machinery.—Transmission machinery manufactured in this country is sold all over the world. One manufacturer dates the beginning of his export trade from the business depression of 1893, when, on account of the falling off of domestic trade, he was forced to look abroad for a market.⁷

Prices of steel products.—The fluctuation in the prices of steel products in 1900 is attributed by witnesses to the law of supply and demand⁸ and to changes in the prices of raw materials,⁹ rather than to the arbitrary action of the steel combination. The formation of the United States Steel Corporation is thought, by one witness, to have had the effect of steadying prices.⁹

OPTICAL INSTRUMENTS.

Mr. Gray, secretary of the Manufacturers' Club of Philadelphia and a manufacturer of optical instruments, states that in many cases the demand for foreign instruments by educational institutions is due to the fact that the younger professors have studied abroad and have the idea that it is the proper thing to use foreign-made instruments; and he cites a case coming under his own observation in which American made microscopes were offered to an American university at prices lower than

¹ Vol. XIV: Converse, 294.

² Vol. VII: Rice, 353, 355, 356.

³ Vol. XIV: Harrah, 354.

⁴ Vol. XIV: Cramp, 420.

⁵ Vol. XIV: Redfield, 657.

⁶ Vol. XIV: Redfield, 651, 657, 658.

⁷ Vol. XIV: Cramon, 265-266.

⁸ Vol. XIV: Redfield, 658.

⁹ Vol. VII: Schaffer, 397.

those for which foreign microscopes could be imported, and the microscopes approved by the instructors who were to use them, and yet German instruments were purchased at the direction of the professor in charge of the department, who had studied in Germany.

By the provisions of the present tariff law no duty is levied on optical instruments imported for institutions of learning. In selling to an educational institution, therefore, it is necessary for American manufacturers to meet the free-of-duty price of foreign instruments. Necessarily, the same price made to educational institutions must be made to individuals. Though the wages paid to the workers employed in the manufacture of optical instruments in the United States are much higher than the wages paid in Germany, this difference, it is stated, is largely overcome by division of labor and by the use of special machinery and tools. Yet in some cases articles which are not made in large quantities, it is stated, can be imported for educational institutions for less than they can be made in this country; and therefore it is claimed that it would be of great advantage to the optical instrument industry in the United States if the provisions of the tariff law admitting free of duty instruments imported for educational institutions were changed.¹

SHIPBUILDING.

Development and growth.—Shipbuilding, according to Mr. Cramp, of the William Cramp & Sons Ship and Engine Building Company, has been the prime industry of Philadelphia since the founding of that city, the promotion of the industry having been begun by William Penn. From 1781 to 1790, during which years the defense acts of the Continental Congress remained in effect, the records, though somewhat imperfect, show that at least 162 vessels, aggregating 18,000 tons registry, were built in Philadelphia. With the exception of a frigate which was presented to the King of France, no ship larger than 300 tons was built at Philadelphia during this period. In the period of depression which followed the war of 1812 there were constructed at Philadelphia a considerable number of ships for foreign countries, including both merchant ships and men-of-war. Two Philadelphia ships, originally built for the China trade, were, in 1830, sold to the English East India Company; but this caused such a commotion in England that the British board of trade took action which resulted in closing the British market to American built ships, the British authorities insisting that their merchants must have their ships built in England, even though they had to import construction materials.

Steam navigation, according to Mr. Cramp, was inaugurated at Philadelphia by the building of the first American steamboat in 1790. In 1809 a steamboat line to run between Philadelphia and Trenton was established, and from that time on it is stated steam navigation on the Delaware has been uninterrupted, though it was not for some years after the establishment of this line that steam navigation became of any importance.

The pioneer seagoing armored battle ship of the American Navy, the *New Ironsides*, was built by the Cramp Company just previous to the outbreak of the civil war. At that time armored ship construction was in its infancy, and there was little to guide the builders either in respect to design or construction. This ship is said to have been of an entirely unique design and to have been considered the most formidable seagoing ironclad of the time, having proven herself invulnerable to any of the ordnance of that day.

Speaking of the Holland submarine boat, Mr. Cramp says that the fear of the submarine boat or ram or torpedo boat is chiefly the fear of the unknown; that there have been many reports during the last forty or fifty years of sudden revolutions which were to take place in naval architecture and to bring about a new order of things, but that they have not materialized, and that the great changes which occur in battle ships and other ship construction are of slow growth.

¹ Vol. XIV: Gray, 208-218.

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In 1870, as a result of efforts to regain the position of a maritime commercial power, which the country had lost through the civil war, the American Steamship Company was formed and four ocean steamers were built. These ships, which were commissioned in 1872 and 1873, are said to have excelled in speed the fastest trans-Atlantic steamers which had been built up to that time. Furthermore, as a result of the introduction of the compound engine, it is stated, the ships could be run much more economically than could the fast ocean liners built previously. For a time these ships attracted their share of trans-Atlantic traffic, but they finally succumbed to the competition of their subsidized British rivals and passed under the control of the International Navigation Company.

Shipbuilding was started on the Pacific coast during the years 1885 to 1890, when the Union Iron Works received some contracts from the Government. War ships, for the most part, have been built in the Pacific coast shipyards, but a limited number of coastwise boats have also been built there.¹

Facilities for shipbuilding.—American shipyards are stated to be better equipped than are the yards of other countries. Great Britain, however, is beginning to make larger use than formerly of American devices and inventions.²

The opinion is strongly advanced by Mr. Cramp that the ideal shipbuilding plant should possess all the facilities necessary for building a first-class war ship complete, ready to go into action, including not only the hull, machinery, and equipment, but also the armor, guns, and ammunition, and he states that he has been for years endeavoring to enlarge his plant and extend its capacities so as to be able to do this, and that he has laid his plan before various steel manufacturers both in this country and abroad. There are several shipbuilding plants in Great Britain, one in Germany, and one in France which are building fully equipped war vessels. The extension of the scope of a shipbuilding plant in this way, it is stated, would be an entirely different matter from forming a combination of shipyards, and would conduce to the more perfect independence of the separate yards, and be in line with what has already been done. Formerly, the various constructive trades which are now embraced in one shipbuilding plant were carried on entirely independent of each other. The shipowner made separate contracts for the building of the hull, for painting, for blacksmithing, for shipsmithing, for spar making, for sailmaking, and for rigging. In the case of steamships, separate contracts were made for the hulls and for the engines. As a result, the cost of construction was greater than if all the work had been done under one management, and there was difficulty in fixing the responsibility in case a ship failed to come up to the required speed.³

A combination of shipyards, Mr. Cramp thinks is impossible, while Mr. Harrah, of the Midvale Steel Company, sees no particular advantage to be gained by combining.⁴

Cost of ship construction.—It is stated to be impossible to give a direct positive or negative reply to the question whether a ship can be built as cheaply in the United States as in England, as the cost of the construction depends partly on the ship and partly on the builder. Every shipbuilding plant has methods peculiar to itself, which are expressed in the ships which it builds and which distinguish the ships sent out of its yards from ships built elsewhere. It is impossible, therefore, it is said, for one shipyard to duplicate exactly a ship built in another yard. Comparisons as to the cost of shipbuilding must be made on the basis of estimating the different amounts for which ships capable of doing exactly similar work can be built in different yards. At a rough estimate, however, the difference in the cost of construction of a first-class steamship in American yards and the cost of construction in English yards is put at 15 per cent.⁵

¹ Vol. XIV: Cramp, 389-404, 421.

² Vol. XIV: Cramp, 414.

³ Vol. XIV: Cramp, 418, 420.

⁴ Vol. XIV: Harrah, 806; Cramp, 417.

⁵ Vol. XIV: Cramp, 406, 407, 408, 414.

Government ships.—It is the practice of the British Government to have its vessels built in private yards, and practically all the ships which have been built for the British Government up to the present time have been built in private yards at liberal prices. The practice of the British Government in this respect is held to have resulted advantageously, in that it has led to the building up of great shipbuilding plants which have been of much assistance in the building up of British fleets and to the establishment of numerous dry docks. Some years ago, two cruisers for the American Navy were built in Government yards, but at the present time all ships for the Government are being built in private yards.¹

The custom of the United States Government in calling for competitive bids for the building of Government ships is disapproved of by Mr. Cramp, and the practice of the trans-Atlantic steamship lines is thought to be much wiser and better. These companies, it is said, have, as a rule, each its particular or favorite builder, and the builder's type of ship becomes the company's standard. The plan followed in building is to charge the company for materials and for labor, and then to add a certain amount for operating expenses and for profit, terms and percentages being fixed. The making of inflexible, written stipulations by the United States Government, it is held, ties the hands of both the Government and the contractors and is likely to lead to embarrassments which could be avoided if a little more lee-way were given.²

AMERICAN MERCHANT MARINE.

The chief reason for the failure of American money to find investment in trans-oceanic steamship lines is believed by witnesses to be the greater cost of running American ships, which results from the fact that higher wages are paid on American ships than are paid on foreign ships.³ The greater first cost of a ship is held by one witness to be not only not the chief factor in preventing the upbuilding of an American merchant marine, but to be not even a serious factor. The difference in first cost, it is stated, could be overcome somewhat, but the greater cost of running the ship is continuous.⁴ One witness advocates the granting of subsidies to overcome the disadvantages under which American ships labor,⁵ while another witness is doubtful of the wisdom of offsetting the difference in the cost of running ships by subsidies.⁶ Still another witness is so desirous of seeing a merchant marine built up that he professes himself as ready to accept anything which will be effective in counterbalancing the disadvantages under which Americans now suffer from the greater expense of running American ships.⁷ Personally, this witness favors the policy of discriminating duties,⁸ but, failing to secure the adoption of that policy, he is in favor of the payment of ship subsidies, and believes that the subsidizing of American ships would be for the benefit of the whole American nation.⁹ This witness says also that because of the great need for ships which there is at the present time he is willing to make a concession to the free-ship men and is in favor of admitting foreign ships to registry, provided ships of equal tons and classes are built in American shipyards.¹⁰

TRANSPORTATION PROBLEMS.

Matters relating to transportation have been specially treated of elsewhere.¹¹ The close relation between conditions of transportation and general business interests, however, have led certain witnesses who have devoted their attention mostly to matters pertaining to manufacture and general business to touch upon questions relating specifically to transportation.

¹ Vol. XIV: Cramp, 408, 416.

² Vol. XIV: Cramp 408, 409.

³ Vol. VII: Search, 136. Vol. XIV: Cramp, 404, 408, 414.

⁴ Vol. XIV: Cramp, 404, 408, 414.

⁵ Vol. VII: Search, 136.

⁶ Vol. XIV: Gray, 207, 210.

⁷ Vol. XIV: Cramp, 409, 413.

⁸ Vol. XIV: Cramp, 412.

⁹ Vol. XIV: Cramp, 410, 411.

¹⁰ Reports of Industrial Commission, Vols. IV, IX.

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One witness expresses disapproval of any proposition to give to the Interstate Commerce Commission the right to fix freight rates in the first instance, on the ground that the railroad managers are more competent to compute the cost of transportation and the tariff required on different classes of freight than is any board of railroad commissioners, though he thinks that it might be desirable to require the approval by the Interstate Commerce Commission of the rates fixed. The giving to the commission of the power to compel railroads to come before it and make defense is approved of.¹ This witness believes that the prohibition of pooling has led to abuses, and thinks that if pooling were allowed, under the supervision of the Interstate Commerce Commission, it would probably be a good thing.² Consolidation of railroads is favored, on the ground that the unification of smaller and weaker roads into one strong system brings about greater economy in operation and results in a more satisfactory public service.²

The route from the West to New England via Canadian lines for a part of the distance is considerably shorter than the route via American lines exclusively, and therefore it is held that the abolishment of the transit-in-bond privilege would work great injury to New England interests.³

The watering of railroad stock is complained of by one witness, and the opinion expressed that if it were not for the inflated capitalization of roads freight rates would be lower than they are.⁴ One witness expresses opposition to the enactment of any antiscalping law, and believes that the effect of such a law would be to permit combinations among railways which would be injurious to the public generally.⁵

Government ownership of railroads, telegraphs, and street railways is advocated by witnesses and somewhat discussed,⁶ and it is held by one witness that freight rates are not as low as they could be under Government ownership.⁷ In New Zealand the Government controls the railroads, the telegraphs, and the telephones, and all the Australian colonies have railroad laws substantially similar to those of New Zealand. In each case the management of the railroads is vested in a commission of 3 experts, who lay before Parliament every year a full account of their doings. The law provides that the roads be made to pay the cost of maintenance and, as nearly as possible, a 3 per cent dividend on the capital cost. The amount of transportation furnished by the Australian roads is greater per capita, it is stated, than that furnished by American roads, and is furnished for less cost, in spite of the fact that a great part of the equipment has had to be imported, while the service is as good as that given by the average American lines. It is stated also that twice as many telegrams per capita are sent in Australia as are sent in America, the cost of transmission being only half as great.⁸

ADULTERATION OF FOODS.

Adulteration of food products is touched on by witnesses, and the opinion is expressed that the stringent State laws which have been passed have led to a decrease in the amount of adulterated food products put on the market.⁹

¹ Vol. XIV: Crapo, 539-541.

² Vol. XIV: Crapo, 539.

³ Vol. XIV: Crapo, 540.

⁴ Vol. VII: Schonfarber, 439.

⁵ Vol. VII: Donnelly, 261.

⁶ Vol. VII: Donnelly, 284-291; Mahon, 416-419; Schonfarber, 438-441.

⁷ Vol. VII: Schonfarber, 440, 441.

⁸ Vol. VII: Lusk, 808-809.

⁹ Vol. VII: Deming, 708, 704.

GENERAL CONDITION OF THE WORKING PEOPLE.

Bishop Potter particularly deplores the increasing alienation and misapprehension of social classes. He and his associates on the voluntary board of mediation and conciliation in New York City have found in the workmen a degree of intelligence, and especially an instinct of fairness, with which they are rarely credited. Mr. Wyckoff, during his experiment as an unskilled laborer in Chicago, made it a point to attend the meetings of socialists and anarchists and to make the acquaintance of their leaders. He did not find many professional agitators. Both socialists and anarchists were almost exclusively working people and largely of the skilled artisan class. It seemed to him, however, that the majority of the rank and file were not thrifty and were men who did not keep their jobs very long. The socialists were evolutionary and in no way destructive in their opinions. While they strongly contrasted the capitalist class and the wage-earning class, he heard no violent speeches. The socialists seemed to regard the capitalist class, as well as the proletariat, as the result of evolution. They considered that the capitalists were not to blame for the condition of things. Among the anarchists, on the other hand, Mr. Wyckoff found a strong hostility to the capitalist class. Many of them, especially of those who called themselves communistic anarchists, he found to believe in the violent overthrow of the present organization of society.¹

All the witnesses who spoke of the general condition of the working class as compared with what it was 20 or 30 or 50 years ago, agreed that it has improved. Money wages have increased, and the cost of particular commodities has, in general, diminished. The standard of life has accordingly risen. One witness notes, however, that the acquirement of some things which were luxuries in former years has been accompanied with the loss, in city communities, of wholesome things, such as chickens and good meat, pure milk and butter, which every workingman was able to have in the smaller communities of earlier times.²

Whether the conditions of the working people had improved within a shorter period, such as ten years, is not a matter of such general agreement. One witness, testifying in the spring of 1900, thought that though wages in the strongly organized trades were fully as high as they were ten years earlier, wages in the trades which were not firmly organized when the hard times came on were probably 10 per cent lower than before the panic of 1893. He thought that this was true in spite of some increase of wages, amounting to perhaps 8 per cent in his own city of Indianapolis, within the two years preceding his testimony. Mr. Wright, United States Commissioner of Labor, testifying at the end of 1898, declared that wages had constantly decreased since 1893, though within two or three years there had been a slight reaction in factory employments.³

One or two witnesses, comparing the condition of working people in the United States and in European countries, think that the difference is less than it is popularly thought to be. One even holds that, in view of the comparative advantages of the two countries, the advancement in skill and enterprise, and the standards from which each started, the working classes of England are to be considered fully as well off as those of the United States. In confirmation of this he says that there is but little immigration from England to the United States, and that many who have come have returned. Mr. Willoughby, of the United States Department of Labor, while considering that the conditions of labor are undoubtedly better here, upon the whole, than in any European country, thinks that the coal miners are better off in Europe than in the United States, and that the British workmen in the steel trade, while not

¹ Vol. XIV: Potter, 2, 3; Wyckoff, 188, 196, 196.

² Vol. VII: McNall, 117; De Graffenried, 221, 222; Gompers, 615, 645, 664; Young, 696-698; Kennedy, 761, 762.

³ Vol. VII: Kennedy, 760, 764, 765; Wright, 15.

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getting as high wages as ours, have more constant work and are better taken care of through various relief organizations. European workmen in general have more certain conditions of life. The German workman has the consciousness of protection against the pecuniary results of accident, sickness, old age, and death, through insurance provided by the state.¹

The differences which exist between European countries and America, in the condition of the working class, are attributed to various causes. The chief are the great domain of rich soil which we have had at our disposal; the climatic conditions, which require better food and clothing and housing, and have helped to lead the workman to demand wages which will buy these things; the greater activity and productivity, which are believed to result both from the climatic conditions directly and from the more adequate nourishment; and the fact that the working people of Europe have emerged from a condition of serfdom to which the workers of America, except the negroes, were never subjected. The negroes of the South, it is declared, are in a position more like that of European workmen.²

Several manufacturers refer to the superior energy and productive power of the American workman. To this the possibility of cheap production in the United States is attributed. It is declared that foreign workmen become more efficient, in a marked degree, after they have been a short time in this country. One manufacturer of worsted and woolen goods, however, thinks that the English working people in his line do better work than the American. This, he thinks, is because the English masters are able, on account of the surplus of good labor, to be more exacting and to require more careful work.³

Unemployment.—It is disputed whether unemployment has increased upon the whole, say within 20 or 30 years; but no witness supposes that it has decreased. The difficulty of finding employment when one is past the prime of life is particularly noted. Mr. Wyckoff, in his experience as an unskilled laborer, found the army of the unemployed a very genuine phenomenon in the great centers of population; but in small towns and rural districts he found it surprisingly easy to get work. He admits, however, that the proposition that a man can always find employment is not true of certain localities, or of certain seasons of the year, and that it does not apply to those who are bound, by family ties or otherwise, to the congested centers. Farm work does not, on account of social considerations, offer an opening for a large proportion of the unemployed in the cities. Except on the large ranches of California, Mr. Wyckoff found it the uniform practice of the farmers with whom he came in contact to take their hired men into the house, have them eat at the family table, and make them members of the family. The farm families into which Mr. Wyckoff went have standards of intelligence, morality, and patriotism which seemed to him very remarkable; and it would be impracticable to bring into them the recent immigrant or other types which make up a large proportion of the unemployed of the cities.⁴

The most obvious cause of unemployment in this country, says Professor Commons, is immigration. The high pressure of modern industry, however, with its speeding up of machinery and its increasing requirements of activity, increases the number of those who can not come up to the required standard of performance. The fixed standard wage rates of the trade unions aggravate this difficulty. Without any regard to such standard rates, however, Professor Commons thinks, basing his judgment on the investigations of Mr. Booth, that 10 per cent of the workingmen of England fall below the line of efficiency, either mentally, morally, or physically. In times of industrial depression the number of unemployed is, of course, greatly increased. A comparison of the unemployment of the organized workmen of Great

¹ Vol. VII: Gompers, 646, 647; Schonfarber, 448, 449. Vol. XIV: Wolloughby, 179, 180

² Vol. VII: Gompers, 646, 647.

³ Vol. XIV: Steel, 237; Harrah, 354, 355; Weidmann, 764.

⁴ Vol. XIV: Wyckoff, 185-191, 195.

Britain from 1887 to 1900, with the changes of general prices, shows that as prices went up unemployment regularly diminished and as prices went down unemployment increased. There is also a regular increase of unemployment in the winter, but workers at seasonal trades regularly get higher wages when they do work, as an insurance against the unemployment which is sure to come. This seasonal unemployment therefore does not present any such problem as that which is offered by unemployment due to industrial depression or to personal inefficiency.¹

The suggested remedies for unemployment are of three classes, the first contemplating a better distribution of population, or some means by which the unemployed shall be brought into communication with persons who want work done; the second contemplating direct provision of employment by the State; the third making room for the unemployed by shortening the hours of labor. One measure of the first class is the publication of labor gazettes, describing the state of employment in different localities and the rates of wages. Such publications exist in France, in Belgium, and in England, and the best in the world is said to be published in New Zealand. Among measures of the second class, aside from special relief works in special emergencies, there is suggested such an organization of those public services of cities which require much manual work, like road making and pipe laying, as will offer most employment when it is most needed. The city of Boston has bought steam machines for thawing out the ground, so that water pipes can be laid in winter. Taking into consideration the way in which the whole staff can be readjusted and organized, it has been found that this method does not involve any additional cost. It makes it possible to give employment in the winter, when work is scarcest, instead of only in the summer, when work is comparatively plentiful.²

Professor Commons adds that if any relief is to be given through State employment the employment must be given directly and not through contractors. This is clearly shown by the unsatisfactory results of the expenditure of a million dollars in public works, through contractors, in Porto Rico. The contractors cut wages and compelled the men to buy from company stores, and the expected benefit did not appear.³

Professor Commons believes that State employment should be provided for certain classes by methods which would make discipline the primary object. By steady and compulsory labor, under proper supervision and training, he believes that a certain proportion of the incapable might be raised to the possibility of self-support in ordinary competitive industries. Epilepsy is cured in the epileptic colony of New York by suitable outdoor work. Ohio is applying similar methods to the feeble-minded, and the Australian colonies to drunkenness. Labor colonies have been established in Holland and in New South Wales. A legal procedure is necessary for commission to such institutions, but it ought to be divested of all idea of penalty. A distinction should be made between compulsory work and penal work.⁴

The lessening of the hours of labor is advocated by many workingmen as a means of absorbing the unemployed into the processes of industry. Aside from the assumption that, the demand for products remaining unchanged, more workers would be needed to supply it, the belief appears that a shortening of hours would lead to an increase of the wants of the working people, and so would increase the demand for products. An increase of wages, it is thought, would have the same effect by increasing the consuming power of the workers. These suggestions seem to be in line with Mr. Wright's opinion that too extensive producing plants are one of the great causes of periods of unemployment. Professor Commons, while advocating the 8-hour day on other grounds, does not believe that it offers a remedy for unemployment.⁵

¹ Vol. VII: Wright, 18; McMackin, 899. Vol. XIV: Commons, 34-37.

² Vol. XIV: Commons, 41-42; Reynolds, 94; Willoughby, 170, 171; Wyckoff, 195; Woods, 201.

³ Vol. XIV: Commons, 40, 42.

⁴ Vol. XIV: Commons, 37-40.

⁵ Vol. VII: Wright, 18; McCall, 124; Search, 132, 133; Spohn, 145; Eaton, 872; Keunedy, 754, 755. Vol. XIV: Steinblis, 16; Commons, 36.

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Employment agencies.—The commissioners of labor statistics of New York and of Missouri spoke of the free State employment agencies which have been established in New York City, in St. Louis, and in Kansas City. Both these officers regard the State agencies as highly valuable. The other States which have established them are Ohio and Illinois.

Professor Commons and Mr. Reynolds, head worker of the University Settlement of New York City, have no very high opinion of the State employment agencies. Mr. Reynolds says that the one in New York seems to have become practically a women's employment bureau. Professor Commons thinks that the inefficiency of these agencies is due to the treating of them as political places; yet it would perhaps be difficult to get a man at an ordinary salary who would have such connections with employers as would make the office of great service. In Seattle he understands there is a labor bureau controlled by an unsalaried board of business men. Their oversight gives the bureau a prestige which it could not have otherwise.

It is agreed that few things are more needed than efficient labor bureaus or exchanges. The private employment agencies, run for profit, are asserted to be largely fraudulent, and many philanthropic enterprises of the kind have failed. The labor organizations maintain employment bureaus of their own, and look after their own members. It is very difficult, however, for the unorganized workers to find employment without the intervention of some sort of exchange.¹

Intemperance.—Intemperance is referred to by several witnesses as one of the greatest curses of the working people. Poor pay, long hours, and unsanitary and uncomfortable conditions are held to be largely responsible for it. A window-glass cutter speaks of it especially, however, in connection with his own industry, in which wages are high, but the physical requirements are exceedingly severe. Mr. Woods, who is engaged in social settlement work in Boston, considers that the drinking habit results largely from the weakening influences to which the poorer classes are subjected while they are children. Poverty and drink are each a cause of the other, and the weakening of vitality and character almost inevitably leads to drink. Mr. Woods sees a marked improvement in the standards of the young men in the district where he works. They are not total abstainers, but they consider themselves above the low saloon.²

In an extended investigation of unemployment in Chicago during the industrial crisis of 1893, Mr. Hourwich found that drunkenness cut a very small figure. He does not believe that aid was refused on account of drunkenness or bad habits in more than 1 per cent of the cases.³

Hours of labor.—A universal desire is expressed, on the part of witnesses representing labor interests, for a lessening of the hours of work. Eight hours is named by the majority of witnesses as the limit which ought not to be exceeded. Several, including the president of the Cigar Makers' International Union, the secretary of the Boot and Shoe Workers' Union, and a representative of the Bricklayers' Union, think that 6 hours a day, at least in their own trades, would be enough. Mr. Gompers, president of the Federation of Labor, refers particularly to farm labor, and believes that it, as well as labor in other fields, might be and ought to be brought within an 8-hour limit. He points out that employers in several lines, who have said that the day of 8 hours, or even 9 or 10 hours, was impracticable in their particular occupations, have found that it could be made practicable when organized labor forced it upon them.⁴

Two great lines of argument are advanced in support of the desire for the shorter

¹ Vol. VII: McMackin, 808-810. Vol. XIV: Rixey, 61, 75, 76; Commons, 39; Reynolds, 89, 95.

² Vol. VII: DeGraffenreid, 223, 224; Hammett, 980. Vol. XIV: Woods, 200, 204.

³ Vol. XIV: Hourwich, 166, 167.

⁴ Vol. VII: Spohn, 145; Perkins, 174, 179; Eaton, 366, 372; Gompers, 649, 650.

workday. One is the effect upon the physical, mental, and moral well-being of the workman. It is declared that greater leisure results in a lessening of dissipation and in moral and intellectual elevation, as well as in physical betterment. The second line of argument relates to industrial conditions. It is stated that the product per hour is increased as the day's work is shortened, and Mr. Gompers and Mr. Strasser, formerly president of the Cigar Makers' International Union, are confident that there is no diminution of the product per day. Several witnesses mention specific instances in which hours have been abridged without lessening output. Mr. Gompers and Mr. Strasser are apparently not of opinion, however, that the same man with the same appliances will generally produce as much in 8 hours as in 9 or 10. Their proposition is that increased leisure causes increased opportunity for thought and improvement, and that thought and improvement give rise, on the one hand, to new tools and inventions, and, on the other hand, to new desires, which give opportunities for the use of the new machines. Mr. Gompers also holds that under existing conditions the lessening of hours is necessary to prevent the throwing of large numbers of men out of work by improvements in machinery and processes. He is confident, however, that there is not, upon the whole, any real advantage to the employers in long hours. The Southern textile factories have advantages in the nearness of raw material and the cheapness of labor, but their long day is not in itself an advantage.¹

Many workmen hold that the lessening of hours is likely to raise wages rather than to lower them. Entire willingness is expressed by some to accept a proportional diminution of wages with a lessening of hours, on the ground that the wages will be recovered after a short time. The chief basis of this doctrine seems to be the belief that the lessening of hours would make room for the unemployed, whose competition is regarded as the strongest influence for depressing wages.² The high value which is set on leisure, however, even at the cost of lower wages, is shown by the repeated instances in which wages have been sacrificed to leisure, and the sacrifice has been maintained for years. The bricklayers of Washington, for example, exchanged 9 hours for 8 at the same hourly rate of 50 cents, and have worked for a considerable number of years under these conditions.³

Several witnesses mention the effect of legislation by Congress and by the several States legislatures upon hours of labor. Except in a few States and a few occupations, the effect of these laws is held to have been far less than the effect of direct action by labor organizations. It is to such action that the attainment of the 8-hour day by many workers and of the 9-hour day by many others is attributed. The secretary of the Boot and Shoe Workers' Union, however, thinks that, because of the difficulty of including all workers, even of a given craft, in an organization, governmental action offers the only hope of a universal shorter workday. Legislation is particularly desired for public employees. The law establishing the 8-hour day for employees of the United States Government is especially prized, though it is felt to need important amendments. The three great weaknesses of it are held to be the clause which permits an increase of hours by certifying that an emergency exists, the failure to apply the act to work not done on Government ground, and the failure to apply it to subcontractors. One witness, a manufacturer of granite, feels that his trade would be injured by the extension of the law to workers on granite for public buildings. He sees no reason why wages or hours on public work should be different from those on other work.⁴

The point is emphasized by several witnesses that the economic results of lessening the hours of labor vary with the occupation. In work of an artistic quality, for instance,

¹Vol. VII: Bullock, 821, 822; Strasser, 267; Gompers, 627, 650-652; Kennedy, 645.

²Vol. VII: McNeill, 120; Spohn, 145; Bridwell, 243; Eaton, 366; Kennedy, 754; Gompers, 624, 625.

³Vol. VII: Spohn, 146; Carhart, 662; Smith, 978.

⁴Vol. VII: Wright, 19; Wade, 74, 78-80, 83; Search, 128; Duncan, 206, 208, 217; Murray, 320; Eaton 366; Gompers, 623, 625, 626.

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the excellence of the product suffers if the hours are too many. In such work as that of a railroad engineer there is a limit to the length of time that a man can safely run a train.¹

Labor of women and children.—Much complaint is made of the employment of children, both in factories and in mercantile establishments. Such employment at a tender age is declared to be injurious to the children themselves; but the representatives of labor complain perhaps even more bitterly of the displacement of adults. Our present system, says Mr. Gompers, gives us busy children and idle men. The textile factories are the greatest offenders, but witnesses also refer to glass factories and shoe factories; and Mrs. Ames, the factory inspector of Massachusetts, regards work in mercantile establishments as harder, physically and mentally, and of less moral value in developing the children, than work in factories.

Legislation has done much to better conditions in the great industrial States. In New York, Massachusetts, and Illinois it is now forbidden to employ children under 14. In Pennsylvania the limit is 13. The chief factory inspectors of Massachusetts and of Pennsylvania do not think it necessary to fix a higher limit than now exists in their respective States. The Pennsylvania inspector adds that children often learn trades when young which they could not acquire so well when older. Several other witnesses, however, would be glad to see the age limit raised in all cases to 16. The extension of manual training in the schools is regarded as increasing the desirability of such legislation.²

Several witnesses mention the giving of less pay to women than to men for the same work. One holds that this is the worst economic feature of the employment of women, in that it drives the men to idleness or cuts their wages. In the two or three trades in which organizations have been strong enough to compel equal payment for equal work, as in the printing trade, he asserts, few women are employed. Employers generally prefer men, unless they can get women cheaper. Mrs. Ames, a factory inspector of Massachusetts, attributes the inequality of payment to lack of skill or lack of physical strength in women.³

Mr. Wright, United States Commissioner of Labor, denies that women are largely displacing men. They are rather, he says, displacing children. In some industries, such as the laundry business, men are displacing women. Mrs. Ames also calls attention to the displacement of women by men in laundries, bakeries, and hotels.⁴ Other witnesses take a different view. It is asserted that the competition of female clerks has driven down the wages of ordinary male salesmen to a pitiful level.⁵

A marked improvement in the last 20 years in the industrial condition of female workers in Massachusetts is noted by Mrs. Ames. Miss De Graffenried declares that the woman workers are much worse off in the great cities, such as New York, Philadelphia, and Boston, than in smaller places, because, though their wages may be higher, it costs far more to live.⁶

The employment of women in association with men in certain places, such as steel mills, is objected to on moral grounds. The general moral condition of female factory workers, however, is declared to be admirable. Though Mrs. Ames considers the work of women in stores harder, physically and mentally, than their work in factories, she does not give any credence to the notion that such employment tends to immorality.⁷

Machinery.—While there is a general agreement that improved machinery is capable of producing effects of general advantage to society, a considerable number of

¹ Vol. XIV: Potter, 10, 11; Steinbliss, 16, 17; Whitehead, 577; Redfield, 659-666; Cheney, 733.

² Vol. VII: O'Leary, 35, 37; Campbell, 51, 52; Ames, 56-58; Wade, 73, 74, 79; De Graffenried, 230; Eaton, 363; Kennedy, 748, 749.

³ Vol. VII: Ames, 60, 61; Kennedy, 749-751.

⁴ Vol. VII: Wright, 18; Ames, 64, 65.

⁵ Vol. VII: Kennedy, 749-751.

⁶ Vol. VII: Ames, 59-61; De Graffenried, 218, 219.

⁷ Vol. VII: Ames, 57-59; Garland, 100; Schaffer, 389, 390.

witnesses, especially those directly representing labor, hold that under existing conditions the evil effects of it, if they do not overbalance the good, are at least very serious. It is declared that machinery has done nothing to lessen the hours of labor, and that the trades that have the shortest workday are those which are least affected by machinery. It is asserted that machinery tends to displace skilled workers by unskilled, and to increase the employment of women and children. Mr. Gompers, president of the American Federation of Labor, holds that unless the workers lessen their hours of labor and increase their consuming power there is a permanent displacement of labor by machinery, and for lack of consuming power plants have to close down. He agrees with other witnesses that the introduction of machinery does not in itself tend to lessen the hours of labor. Others refer to the specialization, which is required by present methods of production, as a great disadvantage to a workman who loses his place and has to seek a new one.¹

On the other hand, it is thought by some that machinery transfers labor from mere physical to more intellectual work, and, while giving employment to unskilled workers, turns hand labor to more artistic forms of production. It is declared, moreover, that improvements in machinery are made only as wages and the standard of living rise. Otherwise human labor is cheaper than machine labor.²

Mr. Brooks declares that the better labor unions do not oppose machinery. They know its advantages as well as the employer, but the manner in which it is introduced is of vital concern to them. In many industries the manufacturer can completely cripple the unions if he can introduce machinery without consulting them about the conditions. The lasting machine and other machines in the shoe trade have weakened the organization of the shoe operatives, which was one of the most powerful unions in New England. The president of the Iron Molders' Union says that his organization does not oppose the introduction of machines, but only asks that its members be employed on them and that wages be maintained. It advises its members to promote the development of the machine and to bring out its best possibilities. Foundrymen seem to prefer to teach unskilled laborers to operate machines instead of employing molders. Unskilled labor, being accustomed to work for less than the mechanic, will operate the machines for less.³

CONDITION OF LABOR IN THE SOUTH.

Cotton mills.—Several witnesses, chiefly employers, made general statements as to rates of wages and earnings in Southern cotton mills, usually those with which they are connected. The average earnings of spinners, as reported, range from 60 to 75 cents a day, and those of weavers usually from 90 cents to \$1.25; though one witness, an Atlanta manufacturer, estimates the average earnings of weavers in Georgia cotton mills at about \$4 a week, or 67 cents a day. The price of unskilled labor was given by one witness as 65 cents a day. Various witnesses, testifying as to the average earnings of all the employees in their mills, excluding superintendents and overseers, named sums ranging from 65 cents to 81½ cents a day. A majority ranged from 70 to 75 cents. The earnings of children are included in these averages. Attention was called in connection with these rates of wages to the low cost of living. It was stated that the ordinary price of chickens in South Carolina was from 12½ to 15 cents apiece; of eggs, 10 to 12 cents a dozen; of beef, 8 cents a pound; of bacon, about 6½ cents a pound. Fairly good board could be had, it was said, for from \$7 to \$8 per month. One employer, who considers it a material advantage to be able to work 66 hours a week, instead of 58, as in Massachusetts, declared that New England wages

¹ Vol. VII: Hayes, 111, 112; Gompers, 616, 618; Kennedy, 744, 748.

² Vol. VII: Ames, 61; McNeill, 119, 121, 124.

³ Vol. XIV: Brooks, 189, 141; Fox, 146, 150.

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on the same class of goods are no more than his mill pays. Spinners, he asserted, get 10 cents a side, on an average, in New England, while his company pays 11 cents.¹

It appears from the testimony that all cotton-mill operatives, excepting in one or two mills, are white. Negroes are employed only for rough and unskilled labor. The commonest period of labor seems to be 66 hours a week, though it is longer in some cases, and perhaps in a few cases shorter. The cotton-mill workers come almost exclusively from the country districts, and it is declared that their wages, low as they may seem to be, constitute a distinct improvement over the incomes that they were able to make upon their little farms. Some employers say that a large proportion of them are saving money. It is admitted, however, that this is made possible only by putting the children of tender years at work. An organizer of the Federation of Labor states that while these people could do better in the mills than on the farms when cotton was low, they tended to drift back to the country when cotton went up. Mr. Candler, governor of Georgia, thinks that very few have succeeded in bettering their condition by changing from the farm to the mill.²

A more patriarchal relation seems to exist between the managers and the employees of the Southern mills than can now be found in New England. The sanitary conditions of the mills, however, are declared to be bad. Governor Candler thinks the mill operatives as a class are not as healthy as country people who work in the open air. This, however, is denied on the part of the employers.³

Hours of labor.—While hours in the Southern textile mills are 11 a day, or 66 a week, it appears that some of the strongly organized trades, such as the bricklayers and the stone masons, have succeeded in some Southern cities in getting an 8-hour day. Memphis has reduced the hours on municipal work to eight. On the other hand, it is testified that sawmills throughout the South work from sun to sun. This means never less than 11 hours, and in the summer 14 or 15 hours. The leased convicts work from sun to sun, and must get to the place of work before the sun is up, sometimes walking 5 miles. This means some 16 hours of actual work.⁴

Women and children.—The great majority of the employers who testified before the Commission declared that they did not wish to have any children under 12 years of age in their mills. It is pity for the children or for their parents, they protest, which leads to the hiring of small children. It would take a very hard-hearted man, one of them said, to resist in some cases. Mr. Tracy, State commissioner of labor of North Carolina and cashier of the Mechanics' Dime Savings Bank of Raleigh, testified that the number of child laborers under 12 had diminished more than half during the 3 years preceding his testimony, while the number of men had more than doubled and the number of women had increased 50 per cent.⁵

Representatives of labor, on the other hand, assert that men who seek employment are more apt to find it if they have a number of children who can be brought into the mills. One asserted that the mills would not have a family without employing the children. The children displace adults, and it is complained that fathers often refuse to do anything, and live on their children's earnings.⁶

As to the actual employment of children, it is not disputed that many go to work much before they are 12, and some witnesses give the age of beginning as low as 8 or even 6. Several employers state that they have a rule not to employ children under 12, but the most of them admit that the rule is sometimes broken. It is admitted by the opponents of child labor that the work is not laborious, but the confinement during long hours, in more or less dusty rooms, is believed to be detrimental

¹Vol. VII: Orr, 494; Bennie, 490, 491; Turner, 513; Elias, 570, 572.

²Vol. VII: Orr, 482, 496, 497; Tanner, 496; Turner, 518; Candler, 540.

³Vol. VII: De Graffenried, 228-229; McAden, 503, 504; Candler, 541.

⁴Vol. VII: Bridwell, 235, 241, 243; Hanson, 586; Coffin, 780, 781, 789, 802.

⁵Vol. VII: Orr, 483, 484; Tanner, 394; Lacy, 496, 497, 499.

⁶Vol. VII: Houston, 550, 551; Mulcahy, 566; Bridwell, 238-235.

to health and physical development. One employer, however, declares that the boys of 13 who work in his mill look as robust and strong as other boys.¹

In connection with the employment of young children in mills, several witnesses refer to their early employment on the farms. Boys of 8, 10, and 12 years, it is said, plow, hoe, and pick cotton.²

No legal age limit for the employment of children in any Southern State is mentioned. Alabama had one, but abolished it some years ago. Many witnesses would approve of a law forbidding the employment of children younger than 12, and several would be glad to make the limit 14. Governor Candler would limit the employment of children under 14 to 6 months in the year. One witness thinks that a limit of 12 years in the South would be equivalent to one of 13½ or 14 years in the North, because of the earlier maturity. One cotton manufacturer considers that legislation on this subject should be uniform, and would be willing to introduce in the Southern mills the conditions which exist in New England.³

One or two witnesses state that mothers of families do not often work in factories, unless they are widows. One representative of labor, however, refers to the employment of mothers whose children are so young that it is necessary for them to leave the mill from time to time to nurse them. The employment of women, as well as that of children, is regarded as tending to diminish the employment of men and lower their wages. It is remarked, however, that even white women, and still more commonly colored women, work in the Southern fields as well as in the mills.⁴

*Company stores and tenements.*⁵—Several managers of Southern cotton mills testified that their companies had no stores and no tenements. In other cases, where company stores and tenements exist, it was maintained that the employees were under no compulsion to patronize the stores, or to live in the houses; though, in at least one case, it was admitted that they were asked to occupy the tenements, and that in dull times those who lived in company houses naturally had a preference in employment. It was said in some cases, by representatives of the labor interests, that the condition of the company tenements was very bad. Miss De Graffenried, of the United States Department of Labor, also stated that some of the older houses were very unsatisfactory; but she added that some of the newer ones were as good as the newer ones in some of the Northern textile towns, to which she had given high praise. Several employers named the rents charged by their companies. Among the rates mentioned were 42½ cents a room for 2 weeks, 50 cents a room a month, and \$2 a month for a 4-room house. The business manager of the Journal of Labor, of Atlanta, said that it was represented to him that the Exposition Cotton Mills, of Atlanta, charged their employees a rent of 75 cents a room a week. In some cases it was testified that country cotton mills furnished houses without any charge for rent.⁶

The same conflict of evidence with regard to the voluntary character of the transactions of employees with their employers' stores appears here as elsewhere. The employers state that all dealings are entirely voluntary, while it is declared on the labor side that there is a general understanding that the company store must be patronized.⁷

Labor organizations and strikes.—It appears from the testimony that labor organizations are very weak throughout the Southern States. The Federation of Labor, however, has several organizers there. It is making special efforts among the textile workers; but thus far, according to the testimony of employers, little progress seems to have been made. The railroad brotherhoods have some strength in the

¹ Vol. VII: De Graffenried, 229; Turner, 512; Fisher, 529, 580.

² Vol. VII: Turner, 512; Candler, 569, 540.

³ Vol. VII: Lacy, 496, 498; Bullock, 522; Candler, 540; Houston, 561, 562.

⁴ Vol. VII: Candler, 541, 542; Mulcahy, 566.

⁵ See also p. LXL.

⁶ Vol. VII: De Graffenried, 225; Rennie, 490; Houston, 560, 562.

⁷ Vol. VII: Turner, 518, 519; Houston, 560.

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South, and good organizations are said to exist in the printing and the iron and steel trades. Some cotton mills refuse to let their employees organize, but the general disposition of other employers toward organized labor is good.¹

Strikes have been very rare in the South. A representative of the Atlanta Federation of Trades thinks this may be due to the weakness of trade unions, though he believes that stronger organizations ultimately tend to check strikes. The absence of strikes may also be due, it is suggested, to the absence of foreign labor.²

Colored labor.—It appears that negroes do the common and half-skilled work in the iron, steel, and woodworking plants of the South. In the neighborhood of Birmingham they have learned the heavy grades of foundry work, and do the heavy work in the sawmills. They have not been introduced into the cotton mills, except for unskilled labor. Several attempts to use them as operatives have been made, but all have failed except one. As to the success of this one, which is still in operation, opinions differ. Objection is made on social grounds to the idea of employing white and colored hands together at the machines. This seems to be largely due to the presence of white women in the mills; for white men and negroes work side by side in other occupations, such as the building trades. The feeling is also expressed that the white mill workers ought to be saved from negro competition; that this field ought to be reserved for white labor, since no other field is. The competency of the negroes to manage the machines does not seem to be disputed, but their unreliability, their tendency to take holidays, to go on excursions, etc., is regarded as a serious obstacle to the employment of them.³

Several employers look to the negroes as a possible resource in the event of demands from the working people which they may regard as excessive. It is said that the negroes are faithful to their employers and have no tendency to strike, and that considerable sums of money have been spent in the effort to establish trade unions among them, with very small success. Even if they should be organized, it is said there is an abundance of field hands who could be brought in to take their places, and who, with their power of imitation, would in a few months satisfactorily fill the place of any strikers. Indeed, some employers think that, even aside from labor troubles, it will be necessary within a few years to bring negroes into the mills, for lack of enough white labor. At present the negroes have the advantage of the whites in that the white children have to go early into the cotton mills, while the negro children, being excluded, have actually superior opportunities for education.⁴

While any mixture of races is universally regarded with abhorrence by the Southern witnesses, attention is called to the advantage which the negroes derive from association with the whites. In the lower counties of South Carolina, where the negroes live by themselves, it is thought that they have deteriorated. Some witnesses testify to a general inferiority of the younger negroes to the older, which they attribute to lack of effective discipline. Some attempt to correct this lack is now being made by the public authorities. On the whole, witnesses seem to find an improvement in the condition and character of the negroes. Crime is said to have diminished among them, though it is still much more prevalent among them than among the whites.⁵

It is generally agreed, though not universally, that negroes get less wages than white men for the same work, executed with the same skill. It seems to be undisputed that the competition of the negroes, with their low standard of life, keeps down the wages of white men. The representatives of labor look to the organization of the negroes to raise the wages of both races. White men and negroes work side by side in the building trades and in many other occupations. The Southern railroads

¹ Vol. VII: Tanner, 495; Lacy, 497, 499, 501; Turner, 517; Garrett, 543; Gompers, 647, 649.

² Vol. VII: De Graffenried, 225-229; Bridwell, 236, 237.

³ Vol. VII: Orr, 482; Rennie, 487, 488; Blackwell, 505, 506; Bullock, 521; Houston, 550; Miller, 576-580.

⁴ Vol. VII: Miller, 576-580; Thompson, 764-766; Coffin, 781, 782, 790.

⁵ Vol. VII: Orr, 486; Candler, 538, 539; O'Haver, 598-599; Thompson, 767-769.

employ negroes as firemen, but not in any other position where they compete with white labor.¹

It appears that colored men have been admitted to white labor organizations in some places in the Southern States. It is even asserted that they have been helped to join by being allowed to pay the initiation fees by installments. The general tendency is, however, to organize negroes separately. The white unions are trying to get the negroes into organizations in order that the wages of negroes may be raised, and that the white workers themselves may thus be protected in their own wages. In one case, however, it is asserted that the white men resisted the organization of a union of colored tobacco workers. Colored men are declared to make better union members than many foreigners.²

Different opinions are expressed as to the effect of prosperity upon the negro character. One witness, an employer, thinks the negro works more regularly and is a better citizen when he gets no more than a living. Another, a representative of labor, holds the opposite opinion. Two North Carolina witnesses refer to the increasing tendency of negroes to lay up money.³

The witnesses who refer to negro education agree in declaring that its effects are good and that there exists among the negroes a general desire for it. The proper education for colored people is believed to be such as is furnished by the Tuskegee Institute.⁴

Public education in the South.—Many witnesses from the Southern States protest that their States are doing all that they possibly can do for education, and in some cases as much in proportion to the assessed value of property as any other States. It is pointed out that almost all the taxes are paid by white persons, but that the school moneys are divided either in proportion to the attendance at the schools or in some other way which gives the colored people nearly an equal chance with the whites. Where cotton mills have been established the white children are even at a disadvantage, because many of them are put early into the mills, from which colored labor is excluded. Several of the States give public support to institutions for higher education, both literary and technical, for negroes as well as for whites. In the larger towns the school facilities are represented as good, and the length of the school year as comparable with that in the North. In the country districts, however, the schools are often open only 2½ or 3 months in the year.⁵

Miss De Graffenried, of the United States Department of Labor, states that the owners of textile mills in many places still continue the early practice of supporting schools for the children of their operatives. Several employers and others refer to the same practice. In some cases the companies contribute to the public-school fund, so that the schools may be kept open 10 months or more in the year. In other cases they establish schools of their own, either free or subject to a charge for tuition. Night schools have been tried in some cases, but they have not been very successful. Children who have worked 11 hours in a mill are not found in good condition for study.⁶

Several witnesses declare that the parents connected with the textile mills have little desire to send their children to school. The employers, in several cases, assert that they have to use the utmost pressure, both directly and through the agency of the teachers, to secure a satisfactory school attendance. Nearly all the witnesses who refer to the matter believe in some measure of compulsory education. One sug-

¹Vol. VII: Orr, 486; Rennie, 488, 489; Lacy, 498, 500; Blackwell, 506, 507; Fisher, 539; Houston, 554, 555.

²Vol. VII: Bridwell, 233, 238, 242; Rennie, 489; Lacy, 497; Garrett, 547; Thompson, 758, 767.

³Vol. VII: Rennie, 488, 489; Blackwell, 506, 507; Garrett, 548.

⁴Vol. VII: Candler, 589; Thompson, 764-767.

⁵Vol. VII: Orr, 486; Rennie, 489; Tanner, 494; Fisher, 530, 531; Candler, 587, 588.

⁶Vol. VII: De Graffenried, 230, 231; Orr, 482; Rennie, 489; Fisher, 529; Mulcahy, 567.

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gestion is for a school running 12 months in the year, with a provision that each child shall attend not less than 3 months each year up to the age of 15. In this way each child could spend one-fourth of his time in school and three-fourths at work. The lack of a suitable compulsory-education law is felt to justify, in some degree, the employment of young children in the mills. It is asserted that if they were not there they would be worse employed.¹

South Carolina witnesses assert that illiteracy is decreasing in their State, and, in particular, that it is far less among children raised in the manufacturing villages than in the country districts. The school facilities in the villages are far better.²

Southern agriculture.—Several witnesses refer to the backward state of Southern agriculture, the lack of machinery, and the one-crop system. These evils are attributed by some to the fact that farming fell almost exclusively into the hands of ignorant negroes after the war. The crop-lien system has been one of the burdens upon Southern farming, and has kept the tenants in a condition closely resembling slavery. They have never been free from debt, and have been compelled to sell their crops as soon as they have been harvested. The system has also tended to prevent diversified farming, by turning all attention to the raising of cotton. It is declared, however, that all these evils are diminishing.³

IMMIGRATION.

Several witnesses call attention to the great preponderance of foreigners and children of foreigners in certain places and in certain occupations. Fully two-thirds of the textile-mill employees of New England are estimated to be of foreign birth. Three-fourths of the stonecutters in this country are said to have learned their trade in Europe. In some of the great factories at South Bend, Ind., like Studebaker's and the Singer sewing machine factory, probably eight-tenths of the workmen are foreign.⁴

Foreign oppression is spoken of as a chief cause of the immigration of the Jews, especially from Roumania and Russia. The efforts of the steamship companies, and their agents scattered through the regions from which immigrants come, are a potent and constant influence. Immigration rises and falls, however, with the rise and fall of industrial prosperity.⁵

The tendency of immigrants to settle in colonies, both in cities and farming districts, is regretted, because it retards assimilation and Americanization. Mr. Wyckoff thinks that this effect is even more pronounced in the country than in the city, because in the cities the conditions of employment bring different races together. Yet even in the country he admits that the actual process of assimilation seems to be very rapid.⁶

Mr. Blaustein, who regrets this tendency to colonization, at the same time deploras the loosening of moral convictions which results from separation from old ties and submersion in new communities, amid new surroundings and strange customs and morals. Mr. Reynolds, of the University Settlement, New York, notes the same tendency to moral degeneration. One phase of this phenomenon is the moral separation of parents and children. The parents, often unable to speak English, are at a disadvantage in the new community. The children, learning English in the schools, become interpreters for their parents, and soon feel themselves superior to them.⁷

This moral separation of children from parents is one of the great causes, in the

¹ Vol. VII: Rennie, 492; Tanner, 494; Candler, 589, 540; Elms, 572.

² Vol. VII: Orr, 486; Rennie, 489.

³ Vol. VII: Turner, 520; Candler, 537; Thompson, 765, 769.

⁴ Vol. VII: De Graffenried, 222-256; Kennedy, 743, 745, 747.

⁵ Vol. VII: Wright, 21. Vol. XIV: Commons, 43, 44; Blaustein, 122, 123.

⁶ Vol. VII: O'Leary, 37. Vol. XIV: Blaustein, 125, 126; Wyckoff, 194, 196.

⁷ Vol. XIV: Blaustein, 115, 118, 119, 125; Reynolds, 82, 90-93.

opinion of Professor Commons, for the distinct moral inferiority of the native born children of immigrants. This class of persons shows a higher percentage of criminality than either the foreign born, or the native-born children of native parents. Professor Commons considers that the criminal tendencies of the foreign born are usually overestimated, in consequence of a fallacious treatment of statistics. Crime is a phenomenon of adults, and principally of male adults. Almost twice as large a proportion of the foreign born as of native Americans are of age. If, therefore, the proportion of crimes among foreign-born adults were as great as among native-born adults, the proportion of crimes to the total population would be nearly twice as great. Foreigners and children of foreigners contribute more largely to the minor crimes and misdemeanors—drunkenness, etc.—than to the serious crimes.¹

Mr. Blaustein declares that very few Jewish immigrants receive help from the public authorities or from the nonsectarian charities. For the most part, when they first arrive they are helped either by relatives or by people from their old homes. Such other help as they need comes from the United Hebrew Charities.²

The witnesses are almost unanimous in the opinion that immigration tends to lower the wages and the standard of living of American workmen. This effect is partly dependent upon the fact that immigrants have a lower standard of life than Americans, and are on this account willing to accept less wages. Two or three witnesses expressed the general opinion that immigration has little tendency to reduce wages, or, at least, little effect on skilled labor. Even one of these witnesses, however, adds that employers often bring in Canadian workmen when strikes occur, and that the proximity of the French Canadians to New England is especially convenient to manufacturers, because they come in busy years and return to Canada when the demand falls off.³

Contract labor.—The representatives of labor are unanimously of opinion that the importation of foreign workmen under contract is injurious to the American workers. They all complain, moreover, that the existing law against it is of relatively small effect, because of the difficulty of proving the existence of the contract.⁴

Several manufacturers, on the other hand, hold that the contract-labor law is a great injury to this country. By preventing the importation of skilled work people it is said to retard the development of industry here. The better class of workmen, who are able to make a living at home, hesitate to take the risks of moving. It is the less competent, therefore, that come to the United States. One manufacturer of worsted and woolen goods says that he advertised in the papers of Yorkshire, England, for capable mill people to come to his establishment in Pennsylvania, describing the town, the wages, and the cost of living, but did not receive a single application. It is declared that it is often impossible to get enough skilled work people in the United States; American young men will not take the time for thorough training; and the law could be safely amended so as to permit importation of skilled laborers under contract for the purpose of improving the processes of production in existing industries, as well as for establishing new industries. The latter exception already exists.⁵

Restriction of immigration.—Most of the witnesses who mention the restriction of immigration are representatives of labor, and such witnesses are practically unanimous in desiring the maintenance and the increase of the existing restrictions. Indeed, the present laws are considered of very slight effect. There is a marked difference of opinion, however, as to the methods of restriction which should be adopted.

¹ Vol. XIV: Commons, 48, 46.

² Vol. XIV: Blaustein, 120, 121.

³ Vol. VII: Spohn, 146, 147; McNeill, 117; Wade, 71, 72; Search, 181; McDonough, 302.

⁴ Vol. VII: Garland, 86; Hayes, 106; McNeill, 116; Duncan, 207, 208; Shafer, 288, 292, 294. Vol. XIV: Whitehead, 574.

⁵ Vol. XIV: Steel, 238, 241, 246; Godfrey, 479, 480; Barbour, 726.

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Some would have a tax of \$25 or \$50 or \$100. Some would introduce an educational test. This is advocated by the secretary of the United Garment Workers, not merely as a means of restricting the number of immigrants, but also on the ground that the higher intelligence, which the educational test might be expected to insure, would enable the accepted immigrants to become quickly familiar with American conditions and standards of life, and to find their way into the better-paid industries and keep out of sweat shops. The educational test is opposed, however, by several representatives of labor as an apparent discrimination between working people. One would try to shut out all assisted immigration, whether assistance came from relatives in this country or from other sources. Investigation of the character of the immigrants by United States consuls or other agents before embarkation is suggested by several. The president of the Cigar Makers' Union would require every immigrant to present a trade-union card. Another witness would introduce some test of the ability of the immigrant to take care of himself without disastrous competition with American labor. One declares that the American Federation of Labor favors a law prohibiting immigration absolutely for 10 years.

Three or four witnesses, including at least one representative of labor, are opposed to any restriction whatever. A shoe laster, while admitting that immigration lowers wages, would give every man the same right to go where he likes which he desires for himself. One witness estimates that perhaps 10 per cent of organized laborers are opposed to the restriction of immigration. This minority think it unfair to shut out others from the advantages which they enjoy.¹

One or two witnesses desire the general enactment and enforcement of laws forbidding the employment of aliens on public works. It is admitted that the law of New York to this effect is continually violated.²

Mr. Reynolds and Mr. Woods, who are engaged in social settlement work, lay special stress upon the need of a deliberate policy directed to the education and assimilation of the immigrants. The foreign districts of the cities ought, says Mr. Reynolds, to have the best school buildings, the best equipped and the most skillful teachers, and the wisest and best officials in every department of administration. Our actual policy is the opposite. Mr. Woods thinks it especially important that the immigrants be held up to our American economic standards; and for this purpose he desires wise factory legislation, and all possible encouragement of the peaceful carrying out of the policy of the trade unions.³

AGENCIES FOR BETTERING SOCIAL CONDITIONS.

Witnesses interested in social settlement work and in other organized agencies for improving social conditions describe the methods of their several organizations in some detail. Mr. Reynolds speaks of the University Settlement Society of New York, the Provident Loan Association, and the Legal Aid Society; Mr. Woods, of the South End House, of Boston; and Mr. Blaustein, of the Educational Alliance of New York, whose work is primarily among the Jews. Mr. Woods also refers to the extensive municipal activities of Boston in providing public playgrounds, public baths, and public gymnasiums, and of the proposed institute for the mechanical and technical education of artisans and mechanics. Such work on the part of the city Mr. Woods believes to be an economy in the end, because it will result in saving in the police department, the prison department, the almshouse department, and the hospital department.⁴

¹Vol. VII: O'Leary, 85, 86; White, 196-198; Healy, 159, 160; Spohn, 147, 148; Kennedy, 746, 747; Strasser, 264-266. Vol. XIV: Symonds, 264, 265; Collins, 309; McCormack, 56, 57; O'Brien, 433, 434; O'Donnell, 508, 509.

²Vol. VII: Spohn, 149; McDonough, 303, 305.

³Vol. XIV: Reynolds, 92, 93; Woods, 302.

⁴Vol. XIV: Potter, 8, 9; Reynolds, 78-82; Blaustein, 114-138; Woods, 196-203.

Several witnesses refer to the efforts of employers to better the condition of their workers. Fair and even liberal treatment, in respect to wages and conditions of labor, is declared by several employers to be the wisest business policy. With regard to any further efforts for employees, in the way of providing means of recreation, enjoyment, and instruction, Mr. Willoughby says that there is scarcely a large establishment in Europe which does not provide institutions of one kind or another for the benefit of its employees. He considers that one reason why this is so much less done in America is that the American workman does not like to have things done for him. What he wants he wants as a right. This was illustrated, Mr. Willoughby thinks, by the experience at Pullman. Mr. Nelson, however, manifests no consciousness of any difficulty from this cause at his model village of Leclaire. His experience there seems to have been altogether satisfactory. He indicates, however, that he has possibly interfered less with his workmen's freedom of action than some other employers under similar conditions.¹

Saving by workmen.—The encouragement of saving is mentioned by several witnesses as one of the most important means of bettering the condition of the workers. A glass manufacturer mentions the care which he has taken to educate his work people in economy and to encourage them to accumulate money. He believes that this education has been of the highest value to the technical progress of his men. To it he attributes, in a considerable degree, the fact that his goods have always commanded the highest price, and that more men have been advanced from that factory to positions of trust, both in it and in other factories, than from any other.²

Housing of the working class.—The problem of the housing of the poor is regarded as one of the most serious problems of the great cities. The chief reliance for meeting it seems to be placed on legislative measures. In a district of Boston, containing about 40,000 population, fully one-half the people live in apartments of from one to four rooms for each family; and in an investigation, made by the State bureau of statistics of labor about 1890, it was concluded that 25 per cent of the houses in the district were positively objectionable from a sanitary point of view. The restrictions upon the building of new houses in Massachusetts are now adequate and effectual, however, and in New York City also there has been a marked improvement in the condition of tenement houses, chiefly effected through legislation, during the last 10 or 15 years.³

Cooperation and profit sharing.—The testimony indicates that very few cooperative enterprises of any kind exist in the United States which have had a life long enough to test their chances of ultimate success. One or two cooperative stores are mentioned and are regarded as having gained an established place, and there is some reference to cooperative production in the glass and the iron trade. The success of these manufacturing enterprises seems, however, to be doubtful. Cooperative cigar factories are said to have been established in many instances by members of the Cigar Makers' Union. Some of them have failed, and when they have succeeded the tendency of the owners has been to join the ranks of the regular employers and work against the trade unions.⁴

A form of cooperation is referred to, which has developed in Great Britain, in France, and in New Zealand, and which consists in the temporary association of workmen for carrying on public works, constructing buildings, or furnishing supplies. The laws of France and of New Zealand make special provision for such associations of workmen. In France they are exempted from the necessity of giving bonds and from other formalities.⁵

The testimony shows that profit sharing has at times had a considerable extension

¹ Vol. XIV: Willoughby, 178. Harrah, 350, 351; Nelson, 361, 362; Redfield, 657, 660, 665.

² Vol. VII: Fry, 902. Vol. XIV: Potter, 5; Woods, 199, 208.

³ Vol. XIV: Potter, 5-7; Reynolds, 87; Woods, 198, 199; Symons, 261, 262, 266.

⁴ Vol. VII: Strasser, 261; Nelson, 359-361; Bridwell, 242.

⁵ Vol. VII: Lusk, 890. Vol. XIV: Willoughby, 178.

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in the United States, but that a large portion of the concerns which have tried it have given it up. Mr. Nelson, a manufacturer, has followed the system in his own establishment since 1888, dividing the net profits, after allowing the commercial rate of interest on the capital, on the basis of an equal percentage on the wages of employees and on the capital of the company. Mr. Nelson does not believe that any employer ought to adopt the system in the expectation of making a profit by it. It ought not to be adopted on any other ground than that it is right to recognize the workers' interest in the joint outcome of the work. He lays down two conditions as necessary to the successful working of the system: That the plan of distribution be stated in advance, and be not left to the good will or caprice of the employer; and that no counter conditions be exacted.¹

Professor Gilman, an ardent advocate of the profit-sharing system, declares that nothing like a thorough trial of it has been made in a large proportion of the cases in which it has been introduced. The hostile attitude of the trade unions has sometimes compelled the abandonment of it. In other cases the advertising motive was too prominent in the adoption of it; and in others the employer made mistakes through ignorance of the experience of others.

Professor Gilman gives no weight to the idea that if the workmen share the profits they should also share the losses. He points out that the workmen make the same contribution to success in bad years as in good. They have no control over the commercial management of the business. If the commercial management is successful they receive the bonus they have earned; if not they lose it. It would not be wise or right to expect them, under such a system of industrial, not commercial, partnership, to lose more.²

Mr. Gompers, president of the American Federation of Labor, says that the history of profit-sharing enterprises leads him to look upon such propositions with great suspicion. Few such concerns, if any, have been even comparatively fair to their employees. They have made the workers work harder, for longer hours, and for less wages, than the employees of other concerns which make no benevolent pretenses.³

Mr. Willoughby thinks that the comparative ill success of both cooperation and profit sharing in the United States is due largely to the greater mobility of American than of European workmen; to their habitual movement from establishment to establishment and from place to place. The greater independence of American workmen also makes profit-sharing schemes less acceptable to them. It is a question, Mr. Willoughby thinks, whether it is desirable to limit the mobility or the independence of the laborer.⁴

EDUCATION.

The value of general education, both of the commoner and of the higher sort, is insisted on by several witnesses. A large part of the inborn genius of our people is in the 95 per cent of the children who do not get beyond the grammar school; and much of it is wasted for lack of opportunity. Education, by broadening a man's horizon, makes him able to see and to seize opportunities to which the untrained man is blind. It is declared that without fair school training a workingman can not become a first-class mechanic. Two or three managers of Southern cotton mills declare that children who have been to school make better operatives than those who have not been, and better citizens. A more thorough education is asserted to be valuable in the higher branches of industrial work. The principal of the School of Industrial Art, at Philadelphia, says that college men can avail themselves of the opportunities of his school more fully than anybody else.⁵

¹ Vol. XIV: Nelson, 358-360.

² Vol. XIV: Gilman, 362-370.

³ Vol. VII: Gompers, 644.

⁴ Vol. XIV: Willoughby, 178.

⁵ Vol. VII: Bridwell, 238; Tanner, 494; McAden, 504. Vol. XIV: Wyckoff, 185, 186; Woods, 202; Miller, 218-228.

Several witnesses express a desire for compulsory education, perhaps between the ages of 7 and 15. Free text-books are also advocated. Complaint is made that compulsory education laws have sometimes been enacted without providing school accommodations for all the children. Complaints of inadequate buildings come from Chicago, from New York, and from Philadelphia.¹

In some places night schools have become an important part of the public-school system. Those of Boston are open from September to March, and have 5,000 pupils. Both children and adults attend them.²

There is a general agreement that the public schools ought to turn their attention more in the direction of preparation for industrial employment. The eye and the hand ought to be trained as well as the brain. No effort ought to be made, it is thought, to give technical training in particular trades. The best results will be obtained by cultivation of the general powers. The principal of the School of Industrial Art, at Philadelphia, says that the changes needed are not in the direction of specialization, but rather away from the specialization that exists. Even the intellectual training now given in the schools ought to be modified by the introduction of industrial elements. The text-books of arithmetic, for instance, are almost wholly occupied with mercantile problems, calculations of profits, and brokerage. An arithmetic written on proper lines would introduce calculations of the speed of machinery, and other problems that would lead the student's mind in industrial directions quite as much as into purely mercantile questions.³

Most of the witnesses are of opinion that manual training is advantageous, both for its effect upon the mind and upon the moral nature and as a direct help in industrial work. Graduates of manual training schools are said to find employment more easily and to get better employment than others. This is perhaps not inconsistent with the opinion of the director of the New Bedford Textile School, that graduates of manual training schools, while somewhat better prepared to receive the higher instruction of his school than others, have not, perhaps, sufficient advantage to compensate for the 2 years which the manual training school may have cost them.⁴

Several witnesses advocate the supplementing of the general training of the ordinary schools with special trade schools, which some think ought also to be supported by the state. The work of such schools seems to divide itself naturally into at least two branches; one for the training of mechanics and operatives, the other for the training of superintendents, designers, and the like. Experience seems to show that the former work should be carried on largely by means of night schools, and that the students will be in great part persons already occupied in the trades. Doubtless there is room, however, for day schools giving preliminary training, which would be of value to those who were to become skilled workmen, and which might well be taken before actual shop work should begin. This seems to be the method of the New York trade schools; and the experience of technical schools, especially in the textile industry, in France, Germany, and England, seems to confirm its value. Several witnesses attribute the enormous industrial advance of Germany in a great degree to her means of industrial education, and credit the superiority of French skilled labor in certain departments to the same cause.⁵

The general secretary of the National Brotherhood of Electrical Workers does not consider that a knowledge of the principles of electrical science, such as is possessed by the graduate of scientific technical schools, is of very great advantage in the mechanical work of his trade. His opinion may possibly be influenced by the feeling that persons so trained do not readily coalesce with the remainder of the workers. This feeling is indicated by the remark that they are especially feared in case of strikes.⁶

¹ Vol. VII: Campbell, 52; Kelley, 247, 256; Schonfarber, 482, 488.

² Vol. VII: Ames, 60, 64.

³ Vol. VII: De Graffenried, 230, 231. Vol. XIV: Miller, 226, 255.

⁴ Vol. VII: Ames, 61; De Graffenried, 230, 231. Vol. XIV: Brooks, 552-554.

⁵ Vol. VII: Ames, 65, 66; Search, 129-133; Gompers, 962. Vol. XIV: Miller, 218-229; Brooks, 552-554.

⁶ Vol. VII: Sherman, 377, 378.

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The higher industrial training, in its actual methods, is described by the principal officers of the School of Industrial Art, at Philadelphia, and of the New Bedford Textile School. Both these schools try to give a thorough training in designing, mechanical drawing, and engineering. The Philadelphia school devotes much attention to textile work, but includes other branches of production as well. The New Bedford school is purely textile.¹

But little attention is given by the witnesses to instruction through apprenticeship, such as was formerly relied on in all trades. One manufacturer refers to the difficulty of retaining apprentices after they have gained a certain amount of skill, such that they can pass for journeymen. The Midvale Steel Company, however, still keeps a small number of indentured apprentices and gives special care to the training of them. It supplements training in the shop with evening instruction in a branch of the Franklin Institute near the works. The boys are compelled to attend the institute, and the company not only pays their tuition but pays them for their time in the school at the same rates as for their time in the shop. The purpose of the company is to train these boys to become inspectors and foremen, and the policy is found successful.²

LABOR LEGISLATION.

Factory legislation.—Several witnesses, factory inspectors and others, speak of the condition and results of factory legislation and inspection in the several States. The chief value of it is considered to be in compelling unscrupulous employers to do what others are willing to do. This helps the fair employer, by making the conditions of competition equal. The employment of suitable factory inspectors is also valuable in calling the attention of well-meaning employers to reforms which they are quite willing to make, but which would not occur to them, and in keeping a check upon ignorant foremen and superintendents.

The factory laws of Great Britain, where factory legislation was first enacted, are admitted to be the models for the whole world. The obstacles which had to be overcome there were greater than any that ever existed in the United States. The laws of Massachusetts are regarded as the best in this country, though they might be improved by adopting some features of the present English statutes. Massachusetts seems also to be the only State which provides a sufficient number of inspectors to secure the effective enforcement of the law. Massachusetts has 36 inspectors; New York has 38, and this number is declared by Miss De Graffenried to be not half enough for New York City alone. In New Jersey, Pennsylvania, Illinois, and Ohio also, it is said, the number of inspectors is insufficient.

Bakeries have of late been a special subject of factory legislation, and great sanitary improvements have been effected in them. In New York, in Pennsylvania, and in Chicago, it is said, most unsatisfactory conditions have been replaced, through the workings of the law, with conditions which are at least tolerable.

The factory inspector of New York also calls special attention to the good effects of mining inspection in his State, particularly in the diminution of accidents.³

As illustrative of the importance of labor legislation and of strong unions, it is asserted that men who have conducted textile mills under proper sanitary and other conditions in Massachusetts, have acted very differently after moving their mills to Georgia. Many witnesses regret the embarrassment of the more advanced States in competition with States in which working hours are more and employment conditions worse. A considerable desire for national laws limiting the hours of labor and prescribing other conditions of work is manifested. Miss De Graffenried regards the lack of uniformity of factory legislation as one of the disadvantages under which we

¹ Vol. VII: Miller, 218-229; Brooks, 552-554.

² Vol. XIV: Creason, 270; Harrah, 361, 382.

³ Vol. VII: O'Leary, 38-42; Ames, 62, 63; Wade, 68-77; De Graffenried, 227-232.

labor as compared with European countries; but Mr. Wright, United States Commissioner of Labor, declares that there has probably never been an instance of the removal of capital from one State to another on account of restrictive laws. The transfer of textile manufactures to the South is due to the proximity of raw materials. Most Southern factory owners still retain their New England factories.¹

*Company stores and tenements—Cash payments.*²—The ownership of stores and tenement houses by industrial and mining establishments is a source of almost universal complaint. It is admitted that such stores might be made valuable to the employees if they were run for that purpose, and if they supplied goods at cost with the addition of a moderate charge for handling. It is pointed out, however, that this would need an extraordinarily conscientious employer. The temptation is to compel employees to trade at the company stores, and to make extraordinary profits on the sales. As a matter of fact it is declared that people who buy at company stores could always buy from 10 to 50 per cent cheaper at other places. The compulsion is not necessarily open and acknowledged, but employees observe, or think they observe, that those who do not trade much at the company stores are discriminated against in the matter of employment. The result of the system is that workmen are kept continually in debt to the stores, and never receive any considerable amount of wages in money; and in times of strike the stores become instruments for compelling submission by threat of stopping credit.³

An exactly similar complaint is made regarding company tenements. These houses are said to be often of the most inferior character, and to be rented at exorbitant rates. One witness asserts that he has been discharged for refusing to pay \$12 a month for a company house, which he did not need, being unmarried. Mr. Wright, United States Commissioner of Labor, cites an instance in which an employee was forced to rent a company tenement house, though he was living in his own house. The company-owned houses of Pullman are said, by Miss Kelley, former factory inspector of Illinois, to have been a source of continual complaint. In some cases, however, as in some New England factory towns, company houses are said to be better, and the rents relatively lower, than those of other owners.⁴

Laws forbidding company stores are desired by some witnesses, though it is pointed out that laws against them have often proved ineffective. In some cases this has been due to the need of individual complaints, and to the fear of losing employment, which keeps the workmen from complaining. Factory inspectors, it is said, should be required to enforce such a law.

The desire is also expressed that payment be required to be made in cash and at short intervals, either weekly or semimonthly. A requirement of cash payment, if enforced, would diminish the power of the company stores. For all these evils, some witnesses, while desiring legislative regulations, place their chief dependence upon the direct action of trade unions. The weekly-payment law of Massachusetts is highly praised, however, by those who have had experience under it.⁵

Convict labor.—There is a general complaint of the competition of convict-made goods with the products of free labor. The occurrence of the trouble is mentioned in the manufacture of clothing, of boots and shoes, of harness, of stoves, of hosiery, and of plumbing supplies, and in the mining industry. One witness suggests that the total product of prison labor is not sufficient to greatly affect the market; but it is replied that the evil depends not on the supplying of a large part of the market, but on the fixing of a cut price, which other manufacturers, employing free labor, find

¹ Vol. VII: Wright, 24; De Graffenried, 228, 229; Donnelly, 280. Vol. XIV: McDermott, 504; Chas, 562; Davis, 591.

² As to Southern conditions, see p. LI.

³ Vol. VII: Wright, 13; Hayes, 106, 109; Gompers, 614. Vol. XIV: Harrah, 351.

⁴ Vol. VII: Wright, 14, 15; Hayes, 109; Kelley, 254; De Graffenried, 219, 221.

⁵ Vol. VII: O'Leary, 27; Campbell, 46; Wade, 72; Garland, 101. Vol. XIV: Whitehead, 575; Dimock, 694.

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themselves compelled to meet. One or two manufacturers in the lines of clothing and of boots and shoes declare that they do not feel the competition of prison-made goods; but they attribute their exemption to the fact that they make better goods than can be produced in prison, or that they depend for their market upon the union label, and upon appeals to the sentimental dislike of prison-made goods, and to the feeling in favor of firms that are regarded as fair.

Nearly all the witnesses agree that it is necessary to keep the convicts employed, for their own good as well as for the good of the taxpayers. One or two witnesses hold that so far as the taxes are concerned workmen and mechanics could well afford to support the convicts in idleness rather than permit the competition of convict labor. In general, however, it is not suggested that the industrial employment of the convicts be stopped. It is proposed by many witnesses that all machinery, unless such as is driven by the hand or the foot, be removed from the prisons. This is advocated both for the diminution of the prison product and the consequent lessening of the competition with free labor, and also on the ground that hand work would give the convicts a better industrial education. It is maintained that they ought to be given a general training, each in some trade. This would be better for them, and so ultimately better for the State, than to employ them at machine work of small educational value.

One of two methods has usually been adopted for the employment of prisoners. Often their labor has been sold to private individuals, under lease or contract, at fixed piece prices or at fixed rates per day. In other cases industries have been carried on for State account, under the direct management of State officers, and the products have been sold in the general market. Both methods are regarded as having almost equally bad effects upon the wages of free labor. Both also give opportunities for corruption, which are removed when neither the labor of the convicts nor the products of their labor are subjects of sale.

Most proposals for the removal of convict competition look to the entire stoppage of the sale of convict-made goods in the market. Some propose that the convicts be employed in the making of roads and other public works. Others advocate the plan which is now adopted in New York, under which a variety of manufactures is carried on in prisons, but only manufactured for the use of the State and its political divisions. Goods for the use of the prisons and the prisoners themselves, for the State insane asylums, for the public schools, and other institutions of local government are obtained from the prisons, but no prison products are put upon the market. It is admitted that this system lessens the employment of free labor, as any economic employment of the prisoners must; but the great evil—the cutting of prices by competitors whose expenses are partly paid by the taxpayers of the State—is done away with.

So long as convict-made goods are offered in the market it is desired that buyers be enabled to choose them or to refuse them by being informed when they are offered. To this end it is desired that such goods be branded or marked to show their origin. The law of New York requiring convict-made goods from other States to be so branded has been declared unconstitutional on the ground that it is an interference with interstate commerce. To enable every State to deal with this question in such way as it deems wise, several witnesses advocate a national law prohibiting or severely taxing interstate commerce in prison-made goods, or providing for the branding of such goods, or giving the several States full power over them when offered for sale within their borders, notwithstanding their origin in other States.¹

Labor in public employment.—A general disposition appears on the part of workingmen to demand that public employment be paid somewhat more highly and that the hours in it be somewhat shorter than the pay and the hours in private work. All

¹Vol. VII: McNelli, 123, 124; McDonough, 238-300-302; Eaton, 373; Myers, 568, 569; Kruger, 562, 568; Carhartt, 664-671; Tilt, 678, 679, Fry, 906.

workers, it is said, ought to have a wage sufficient for their decent support, and it is the duty of society as a whole, acting through governmental agencies, to be even generous in its conduct toward its employees and to set a good example to private employers. There is also a belief that an increase of the attractiveness of public work will tend directly, by competitive influences, to raise the wages in all similar employments. The employers who refer to the question do not think that more ought to be paid for public work than is paid by private employers for similar service.

Connected with this question is that of contract work or day work on public undertakings. The representatives of labor desire the abolition of all contracts. They declare that competition compels contractors to use poor materials and to cut wages; in consequence, contract work is always inferior and costs more in the long run than day work. The contract system is declared to lead to corruption in politics and extravagance in expenditure. The London county council and our own Post-Office Department are pointed to as examples of highly successful use of the system of direct employment, as well as various city waterworks and other enterprises of similar character. The city of Memphis has abolished contract work and adopted the 8-hour day for all city employment. It is testified that more work is accomplished in 8 hours than was formerly done in 10.¹

The representatives of labor organizations and some other witnesses desire that a preference be given to union labor in all public work, such as the construction of buildings and the manufacture of clothing for the Army.²

A modification of the contract system is advocated, on behalf of employers in some particular trades, by which the custom of letting contracts for the whole of public buildings to general contractors should be exchanged for the letting of separate contracts for each particular part, as, for instance, the bricklaying and the heating apparatus to contractors in those special lines. It is declared that such a method would make a better supervision possible over those who actually perform the work, and would secure a better quality of work, at lower cost.³

Employers' liability and workmen's insurance.—Several witnesses refer to the desirability of changes in the law of employers' liability. The courts, says Mr. Hourwich, have gone further and further from the sound principles of the common law. "There is no employers' liability under any circumstances under the present laws of the State of New York, as construed by the courts." Legislative modification of existing laws is especially needed with regard to the doctrine of contributory negligence and the doctrine that a workman can not recover damages from his employer for injuries due to the fault of a fellow-workman. The fellow-workman idea has been pushed so far that in New York a foreman and a general superintendent have been held to be fellow-workmen.⁴

The president of the Builders' League of New York City, on the other hand, protests against such an enlargement of employers' liability as came near enactment in New York in 1900. He declares that under existing conditions of labor organization the employer is not responsible for putting unfit men in such positions that they endanger the lives of others. The union is responsible for it; yet by the proposed modification of the fellow-servant doctrine the employer would be liable for any resulting damage.⁵

Mr. McMackin, commissioner of labor statistics of New York, notes that the fellow-servant doctrine, established in the English courts in 1837, and followed as a precedent in the United States as well as in England, has already been modified by statute in England and in several of our States, and in some other States by court decisions.

¹ Vol. VII: Healy, 168, 164; Spohn, 150, 151; Mitchell, 316; Woodbury, 321; Schonfarber, 438, 434; Myers, 501.

² Vol. VII: Spohn, 151; Carhartt, 667.

³ Vol. VII: Gompers, 959-962.

⁴ Vol. XIV: Hourwich, 151, 165.

⁵ Vol. XIV: Leo, 97, 100, 101.

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Mr. McMackin holds, however, that even the entire abolition of the doctrine of common employment would not make the employer's liability an entirely adequate resource for the injured workman. This is shown, he considers, by the experience of England. The trouble is that in so large a proportion of accidents it is impossible to fix the blame. A German investigation of some 16,000 accidents, in 1887, showed that about one-fourth were due to the fault of the injured, that only a little more than a fourth could be traced, even in part, to the fault of any other person, and that in nearly half the cases no personal fault could be assigned.

Mr. Willoughby, of the United States Department of Labor, and Mr. McMackin give somewhat extended accounts of the system of workmen's compensation, which has been substituted for the older form of employers' liability in all the industrial countries of Europe except Belgium. The first law of this character was passed by Germany in 1884. The German system is one of compulsory insurance, the cost of which is borne by the employers. Under the system adopted by Great Britain, the employer is free to insure against risk or to bear it himself. The scheme covers practically all the industrial employments, including agriculture. It provides compensation for all accidents to workmen which occur in connection with their employment, except that in England those due to the serious and willful misconduct of the injured person are not covered. Under the German law every injured employee can claim, for every week of total disablement after the fourteenth, two-thirds of his regular wages, and the family of a workman killed in a factory can claim a pension of 60 per cent of his regular wages.

The business of insuring against liability for accidents to employees has attained great volume in this country. Ten companies had over \$350,000,000 of this class of insurance in force in 1894, and over \$725,000,000 in 1898. In the five years, 1894 to 1898, these 10 companies received \$19,400,000 for insurance and paid out less than \$9,400,000 for losses. That is, less than half the amounts paid by the employers reached the injured workmen. Under the German system the workmen get 82 per cent of the total expenditures. It is true that the direct cost to the employers is less under our system than under the German; but many American firms pay half or full wages to injured employees, in addition to their insurance premiums; and in any case the cost of the German system is far less in proportion to the benefit.¹

Influence of labor organizations.—Two or three employers complain of the excessive influence, as they think, which the labor interest is able to exert on legislation and of the methods which it employs. Legislators who fail to support labor measures are blacklisted, and the labor organizations insist on the exact following of the lines they have laid down, without any allowance for honest differences of opinion among persons well disposed toward them. The maintenance of labor lobbies, as at Albany, is also criticised.²

Labor councils.—Professor Commons suggests the establishment of labor councils, containing an equal representation of capitalists and laborers, for the purpose of framing conclusions and recommending legislation on the basis of such investigations as those of the United States Department of Labor, together with all other available information. Such councils exist in France, Belgium, and Austria, and in some cases they have had a considerable influence on legislation. Mr. Willoughby considers that, because of the comparative lack of organization among the workmen of continental Europe, and because the press gives far less opportunity than that of Great Britain or the United States for developing or expressing public opinion, there is a field for such councils in those countries which does not exist here.³

¹ Vol. VII: McMackin, 812-820. Vol. XIV: Brooks, 128, 139; Willoughby, 169-175.

² Vol. XIV: Leo, 102, 103; Lawson, 104-106; Harding, 107, 108.

³ Vol. XIV: Commons, 33; Willoughby, 176.

LABOR ORGANIZATIONS.

Membership and growth.—The testimony shows clearly that industrial prosperity is favorable to the growth of labor organizations. From 1892 to 1897 the membership of those in New York State decreased 100,000. From March 31, 1897, to June 30, 1900, a comparatively prosperous time, there was an increase of more than a hundred thousand. The growth is said to have been chiefly outside the city of New York. The city has been for some time pretty thoroughly organized. The commissioner of labor statistics of New York, testifying in September, 1900, thought that the organizations included 75 per cent of the workers at mechanical trades in the State, and perhaps one-eighth of all wage earners. Of Indiana it was stated in May, 1900, that the unions were stronger than 5 years earlier, but not quite as strong as 10 years earlier. The old unions maintained their wages and hours and their organization through the hard times; but the new organizations lost members, and many disappeared.¹

One witness states that some of the strongest and most successful unions have been composed of unskilled workers. The chairman of the board of mediation and arbitration of New York says that most unions of the unskilled in that State are connected with public and municipal works. The organization of farm laborers is referred to by Mr. Gompers as having made very slight progress, though he has high hopes for it.²

Mr. Gompers refers to the attitude which most of the unions have assumed toward negro labor, demanding that colored and white workmen have equal pay, and in many cases giving equal recognition in the unions to both races. The American Federation of Labor has refused to permit the color line to be drawn in the constitution or the laws of affiliated organizations, and its convention once refused a banquet, in Birmingham, Ala., because 3 colored delegates were not included in the invitation. Even in the South many labor unions have taken in colored men as well as white. Where this is not done the white men help the negroes to organize separately.³

Advantages and disadvantages of unionism.—Several representatives of the unions assert that the wages of the workmen have been increased and their hours have been shortened by the organizations. When hard times come, it is said, the unorganized suffer reductions of wages, but the strong unions are able to maintain their position. This is confirmed by the manager of the Fair department store, in Chicago. Men who receive \$3.50 or \$4 a day, he says, might be reduced by competition to \$1.50 when hard times came on; but the unions are able to maintain wages at \$4, and there are just as many days' work to be had at \$4 as there would be at \$1.50. Mr. Wright, United States Commissioner of Labor, says that wages in the printing offices have been maintained, despite the business depression since 1893, partly, at least, through the strength of the union.

It is maintained on the part of the unions that though union men get higher wages in many cases than nonunion men, nonunion employers can not go too far below the union price, and in consequence even a nonunion workman shares the benefits of the union. The secretary of the master builders' association of Boston confirms this view, saying that the minimum union rate of wages prevails among Boston builders, even with employers who hire nonunion men.⁴

Professor Commons says that experience shows, both in London and in this country, that in times of depression practically no union man applies for relief from the public authorities. They are cared for one way or another by their unions. Mr.

¹ Vol. VII: McMackin, 799-801, 807; Kennedy, 739.

² Vol. VII: McNeill, 115; Gompers, 647-649; Gilbert, 877.

³ Vol. VII: Gompers, 617, 643.

⁴ Vol. VII: Wright, 15; Gompers, 615; Young, 609, 701, 702; Sayward, 849.

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Hourwich also states that he examined the data with regard to many thousands of unemployed workmen in Chicago during the industrial crisis of 1893, and found very few members of labor organizations among the applicants for charitable relief. Whether this was because there was less unemployment among organized workers, or because they were better paid and could stand unemployment longer, or because they were aided by their organizations, he does not pretend to say.¹

It is asserted also that the unions exert a favorable influence upon general business conditions by increasing wages, and so enabling the masses to consume more goods. The main cause of industrial depression is underconsumption, due to the small pay of the working class. The tendency of the unions, therefore, is to check such depression.²

It is further maintained that the unions exert a beneficial influence upon the intellectual and moral condition of their members. Discussions of economic and social subjects lead the members to read and to think, and make them better citizens.

The secretary of the National Association of Builders speaks in high terms of the intelligence of the representatives of labor organizations with whom he has come in contact in his business and in his official work. It is also asserted that the unions encourage steadiness and sobriety, though the president of the National Glass Company thinks that union men are more apt to be led into vice and intemperance through social clubs. He asserts that more men from the manufacturing departments of his factory, which ran nonunion for 25 years, went into other factories as managers and superintendents than from all other similar factories in the United States put together.³

One or two witnesses speak with great bitterness of the general character and effect of the unions. One holds that they tend to the disruption and disorganization of society, and that they are "the greatest menace to this Government that exists." One workingman also complains of the arrogance of the unions, which include not more than one-sixth of the working class, in pretending to fix conditions of labor for the other five-sixths, and in reviling as traitors and scabs those who claim the right to make their own bargains.⁴

The representatives of the unions, on the other hand, declare that the single wage-earner, acting alone, has no liberty of contract in dealing with an employer. Liberty only becomes possible for the wage-earner through combination. The union is to the laborer what a republican form of government is to the citizen—it gives him freedom. In it he joins with other workmen in determining the policy of the trade by a majority vote. Without it he has to submit to the dictation of an employer.⁵

Witnesses representing the employing class differ as to the effects of labor organizations upon the interests of employers. The president of the Midvale Steel Company, while he does not himself deal with labor organizations, thinks it would be of decided advantage if, by union action, wages were made uniform in all competing plants. It would give certainty and stability to business operations. Mr. Carhartt, a clothing manufacturer, took some trouble to get his employees organized and has found his dealings with the organization eminently satisfactory. If an employee thinks he is illtreated, he complains to the grievance committee of the union, and in most cases the grievance committee satisfies itself that the firm has acted justly. Often such complaints are not even presented to the firm. Other witnesses, however, think that the unions give the workmen an evil education, teaching them that the employers are unjust to them and get an undue proportion of the product, and that capital is their enemy. The town of Birmingham, Ala., is mentioned as a place

¹ Vol. XIV: Commons, 39; Hourwich, 167.

² Vol. VII: Perkins, 173.

³ Vol. VII: Lacy, 499, 500; Garrett, 548; Thompson, 718; Sayward, 852; Frey, 898, 899.

⁴ Vol. VII: Russell, 336, 337; Thompson, 756, 757, 759, 772.

⁵ Vol. VII: McNeill, 114-118; Perkins, 173-177.

where the labor organizations are strong and where, by their demands for high wages, they constitute a serious menace to the prosperity of the city.¹

One particular complaint against the unions is that they stir up strife between the men and their employers and cause strikes. It is admitted on behalf of the unions that when a union is first formed it is likely to have many strikes. The newly organized men have an exaggerated idea of the power of the union; and, on the other hand, employers who have not been accustomed to dealing with unions resent the assumption of the men to appear by committee and imagine that it is an attack on their rights. Both parties become wiser by experience, and it is asserted that when an organization has become thoroughly established it diminishes rather than increases strikes. For two years, it is said, an accurate record has been kept of strikes in Indiana, and more than half of them have been strikes of unorganized men. The labor commissioner of Indiana thinks that 80 per cent of labor troubles in that State are "with unorganized workmen, or men newly organized, not disciplined along the line of organization." Organization, it is said, exerts an educational influence and leads to more careful and deliberate consideration of points in dispute, both on the side of the men and on the side of the employers.²

Nonunion men.—Special complaint is made by some employers and by one representative of nonunion labor of the policy of the unions in trying to exclude nonunion men from employment by refusing to work with them, and, in the case of public work, by influencing legislative and executive action. This policy is declared to be tyrannical and an interference with the rights of nonunion men. It is even alleged that the real purpose of the organization is to gain an advantage for the insiders over the outsiders. On the other hand, it is declared that no such advantage can be sought, since the unions welcome every man of good character to membership, and since, indeed, they constantly give their efforts and contribute large amounts of money to bring in the unorganized. The purpose of the policy in question is not to exclude the nonunion men from employment, but to induce them to become union men. It is alleged to be a necessary policy for the attainment of the purposes of the organization. In order to meet the employers on equal terms the union must be able to meet them as the representative of all his workmen or of the whole of that class of workmen of which it is composed. If it represents only half the force, so that the other half are not bound by its action, its action will be of relatively slight importance to the employer. The union can better afford, it is argued, to concede a reduction in the rate of wages than to waive this fundamental demand for unionization of all labor.³

Apprenticeship.—Trade-union regulations of apprenticeship are defended on the ground that some employers engage boys, not for the purpose of teaching them a trade, but to supplant men and to cut wages. Under such a system, it is declared, the boys work and the men walk the streets for lack of work to do. The boys are not taught trades at all in such cases, but are kept upon narrow lines of work, such as bring the greatest immediate profit to the employer. The regulations of the union are meant to secure for every boy who goes into a shop an opportunity to acquire a real knowledge of the trade. They are designed to protect mature men in their employment, and also to protect the boys, first from premature transference from school to industrial work, and, second, from exploitation, when they should receive instruction in their future occupations.⁴

Officers and leaders.—The opponents of the unions attribute the greater part of their supposed evil influence to the machinations of demagogues. Business agents or

¹ Vol. VII: Carhartt, 661, 682, 678, 674; Thompson, 758-761, 773, 774; Coffin, 786. Vol. XIV: Harrah, 849, 850.

² Vol. VII: Meisel, 351, 352; Gompers, 606-608; Kennedy, 741, 742; Perkins, 172, 178. Vol. XIV: McCormack, 52; O'Donnell, 565, 567, 568; Tansey, 579, 580; Jackson, 582.

³ Vol. VII: Bridwell, 238; Russell, 336, 337; Coffin, 777, 785, 792, 798; Gompers, 606, 642. Vol. XIV: Hourwich, 154.

⁴ Vol. VII: Gompers, 620-622.

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walking delegates are thought to be agitators, who are too lazy to work and who wish to live upon the work of others. They are alleged to be arbitrary and unjust in their methods, not only toward employers, but even toward their own members.

On behalf of the unions it is asserted that the business agent is not usually a leader of the union in the sense of determining its policy. He is a servant of it, whose duty it is to force payment of dues, to bring nonunion men into the organization, and in case of trouble to reach a settlement, if possible, by peaceful means. It is pointed out by Bishop Potter, as well as by representatives of the unions, that it is necessary to employ business agents in dealing with employers, because if a committee of the employer's own men are sent to him with any demand, whether or not the demand is granted, the employer is likely to remember the committeemen with dislike and to take the first opportunity to get rid of them.

Mr. Walcott, ex-chairman of the Massachusetts board of conciliation and arbitration, doubts the justification of the feeling which many employers have that their employees ought not to ask them to receive an outside party as the representative of the men in business dealings. Mr. Walcott suggests that if anybody had a claim against the manufacturer it would be presented through some attorney, and the manufacturer would discuss it purely as a matter of business, without any reference to the attorney's personality.¹

Attitude of employers.—Several witnesses agree in stating that the attitude of employers toward the unions is, on the whole, growing more favorable. Mr. Wright, United States Commissioner of Labor, says that employers are glad to have the cooperation of unions if they are directed by men of business experience and integrity, as the typographical union and the glass blowers' unions are.

Yet it is pointed out that the favorable change of attitude does not appear everywhere.²

Mr. Brooks declares that the growth of socialism in such New England towns as Brockton and Haverhill results from the feeling of the workingmen that their trade organizations can effect nothing. If manufacturers want to make socialists in this country they have only to "smash the unions."³

Union labels.—It appears that the first union label was adopted by the Cigar Makers' International Union in 1880. Up to November, 1899, 37 national and international unions had adopted labels, which were recognized by the Federation of Labor. The Knights of Labor also have various labels not included in this number. The purpose of the label is to guarantee to the purchaser that the labeled goods have been made under conditions approved by organized labor. The employees are all members of the union. The label is supposed to guarantee better sanitary conditions than are usual in the trade. The wages are usually higher and the hours of labor are usually shorter than in the same trade where the men are unorganized.

A manufacturer of workingmen's clothing, who uses the label of the United Garment Workers, regards the label as a means by which organized workers help those manufacturers who desire to pay their employees high wages and to give them good surroundings.

Those unions whose labels have become valuable, like the cigar makers, have suffered greatly from counterfeiting. The United States laws give them no protection, because a trade-mark can not be defended unless the owner of it is also the owner of the goods it is applied to. Many States, however, have enacted special laws for the protection of union labels.⁴

The incorporation of trade unions.—The testimony seems to indicate that only a very small proportion of the trade unions of the United States are incorporated, though

¹ Vol. VII: Tilt, 682, 683; Gompers, 609; Coffin, 777, 786, 787; Fry, 899; Walcott, 918-915. Vol. XVI: Potter, 4; Leo, 96-99; Steinbliss, 23.

² Vol. VII: Wright, 16. Vol. XIV: McCormack, 59, 60; Fox, 149; O'Brien, 431.

³ Vol. XIV: Brooks, 140-142.

⁴ Vol. VII: Gompers, 628-630; Shonfarber, 430, 431; Carhartt, 659-661.

the commissioner of labor statistics of New York presented a list of some 300 incorporated unions out of a total of 1,600 unions existing in the State. A marked difference of opinion exists between the witnesses as to the advisability of incorporation. Several witnesses, both representatives of labor organizations and others, think that incorporation would be advisable, because it would enable the unions to enforce their contracts with employers and others, and because their increased responsibility would make employers more disposed to deal with them. The president of the Cigar Makers' International Union adds that they can now be brought into court and held responsible almost as effectively as if they were incorporated. The president of the Brotherhood of Electrical Workers thinks that incorporation would be desirable, providing compulsory arbitration were also established. Mr. Lusk, a former member of the New Zealand parliament, says that the experience of New Zealand unions with incorporation has been exceedingly favorable; but it is there connected with a compulsory arbitration law.¹

Several representatives of the unions are strongly opposed to incorporation. The alleged tendency of the courts to favor employers and to oppose the unions is repeatedly mentioned. Mr. Gompers prefers to keep the union funds safe from the interference of the State, and does not think there would be any gain in giving legal validity to contracts between employers and unions. A union which does not keep faith can not succeed; but many of the labor disputes arise from the breaking of contracts by employers, and the legalization of the contracts would be of little help, because employers can readily find ways of evasion. The contracts of employers with workmen can be enforced only through the power of the workmen to make evasion more expensive than compliance. This power—that is, the power of the unions as fighting bodies—would be weakened by incorporation. In time of strike the funds of the union might be tied up by injunction through the act either of the employers or of a dissenting minority of the members. The possibility of a successful contest would be destroyed even if the position of the union were ultimately sustained by the courts.²

Mr. Hourwich, an attorney, points out that the incorporation of labor organizations under the existing law would not essentially increase their legal powers. An unincorporated labor organization in New York may make contracts and incur civil liability, and may bring civil suit, for instance, against a defaulting treasurer just as any other private firm might. It might even acquire title to real estate, and this need not necessarily be done through trustees; that would depend upon its own rules and regulations. On the other hand, even if the union were incorporated, it could not collect damages from an employer for breach of a contract relating to the employment of its members. Each member might be able to collect damages by a separate suit, but the union would be, in the eye of the law, a separate entity, which would have made no profit by the carrying out of its contract, and hence could show no damage by the breach of it. Mr. Hourwich holds that there should be a special law for the incorporation of trade unions, allowing them to make labor contracts on behalf of their members, and if the contracts were broken to collect the damages which the members might suffer as a society or as individuals.

Mr. Hourwich believes, however, that the opposition of many trade unions to incorporation is due to lack of familiarity with the advantages which could be derived from the protection of the law, though some of it arises from the belief that the law has in most cases favored the employers' side.³

Knights of Labor and American Federation of Labor.—Representatives of the Knights of Labor and of the American Federation of Labor give some account of these bodies and discuss the differences between them. The American Federation of Labor is based

¹ Vol. VII: Spohn, 142, 154; Sherman, 378, 381; Schaffer, 387, 388; McMackin, 823-827; Lusk, 886. Vol. XIV: Leake, 278, 279.

² Vol. VII: Garland, 85; Strasser, 261, 262; Donnelly, 279; Gompers, 601, 602, 604.

³ Vol. XIV: Hourwich, 143, 152, 155-160.

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on the control of each trade by a union of the trade. All local unions, so far as possible, are organized into national trade unions, and so far as this is done the local unions have no direct relation to the Federation. The per capita tax by which the expenses of the Federation are covered is paid by the national bodies. Any body can secede at any time. Except in the absence of coercion, the relation of the national bodies to the Federation is similar to that of the States to the Federal Government.

The primary idea of the Knights of Labor is that of the union of all workers. Each local assembly has a direct relation to the central body. The several trades are allowed to control their own affairs, and neither the general executive board nor the district executive board has a right to interfere in a trade dispute unless asked to do so. Yet the feeling of the body, as expressed by Mr. Schonfarber, is favorable to a general participation in the settlement of the affairs of each trade. Mr. Schonfarber believes that mixed organizations, including members of different trades, are, on the whole, more successful in dealing with trade disputes. Men affiliated only by ties of organization with those actually engaged in disputes have done the most effective work in support of them, and, on the other hand, the members of a mixed organization represent more points of view and are better able to give fair consideration to both sides of a case, and so are likely to be more conservative in dealing with employers. While Mr. Schonfarber admits that there is a tendency toward keeping trade matters under the control of each trade, he attributes this largely to the fact that employers prefer to deal with trade organizations rather than with a mixed body, because the mixed body is the stronger.¹

The American Federation of Labor itself has organized mixed local bodies, composed of members of various crafts, under the name of federal labor unions. These are only meant, however, to bring together wage-workers whose own trades have no unions in the place. It is the design to organize trade unions from the members as fast as enough representatives of the several trades are gathered.²

STRIKES AND BOYCOTTS.

Necessity of strikes.—There is little dissent from the opinion that strikes are a necessary weapon of the workingman under existing social conditions. Mr. Gompers, president of the American Federation of Labor, does not believe that strikes can be entirely eliminated from our system of society, though he seems to hope that by a thorough organization of both the workers and the employers it will be possible, in a great measure, to secure their beneficent results without interrupting industry and commerce. He says, however, that every labor organization ought to accumulate a defense fund. Employers who know that their men have a defense fund which will enable them to resist will not lightly try to reduce wages, increase the hours of labor, or enforce obnoxious conditions. Labor organizations which have small funds or none are obliged to yield to deductions of wages when industrial depression comes, and when business revives they are the last to receive any of the benefits. He holds adequate preparation for strikes to be the best means of preventing them. No matter how just a cause is, unless it is backed up with power it will be crushed. Disputes are determined by contest and conquest, except when there is like power on both sides; then they are determined by reason. The same view is expressed by Bishop Potter. He says that the employers are likely to contend against increase of wages or shortening of work days until they realize that the employees have force enough to meet them in a contest. Bishop Potter regards the strike as a reversion to barbarism, but considers that it is necessary under present conditions, just as war is necessary.³

¹ Vol. VII: Schonfarber, 424-427; Gompers, 596, 598, 648.

² Vol. VII: McNeill, 114.

³ Vol. VII: Gompers, 598, 599, 607, 609. Vol. XIV: Potter, 11.

Legal restrictions of strikes.—One or two witnesses think it would be desirable to forbid by law any interruption of work, either by employer or by employees, without a previous notice of 5 or 10 days. Such a period of waiting, it is thought, would give hot tempers time to cool, and would also give a State board of arbitration opportunity to intervene and bring the parties together. One Southern witness would make it a felony to strike or to order a boycott or a lockout, at least after the compulsory arbitration board which he would establish had rendered its decision. He believes that there is a strong sentiment in the South in favor of such action, and that something of the kind will before long be done there.¹

Causes of strikes.—Mr. Gompers says that strikes take place against reduction of wages, increase of hours, political intimidation, victimization for activity in the cause of the workers, and the blacklist. They take place for less hours, for better wages and better surroundings, and to maintain the rights of unionism; that is, to maintain the organization by which the rights of the workers are protected and advanced. Among the causes of strikes, as distinguished from the objects which they are intended to attain, other witnesses mention the unwillingness of employers to recognize trade unions; lack of cordiality on the part of employers toward the men; the greed of employers and the greed of the workers, and the desire of the walking delegates to keep their positions, which, it is alleged, they would feel to be insecure if there were no trouble. Several manufacturers insist upon the supposed activity of agitators as a chief cause of labor disputes. On the other hand, the secretary of the National Association of Builders considers that employers are almost wholly to blame for labor disturbances, because they have vastly greater opportunity for knowing the whole situation than the workmen have, and their responsibility for wise action is therefore far greater. There is a general agreement that industrial prosperity tends to increase the number of strikes. There were about 70 per cent more strikes in New York State during 1899 than during 1898. The chairman of the board of mediation and arbitration of the State of New York says that the great increase was due to the general improvement of conditions. Wages are the last thing to rise, and the general rise of prices and the apparent prosperity of employers made the workmen impatient.²

Results of strikes.—While one or two representatives of the manufacturers and one nonunion workman regard strikes as an unmixed evil, the representatives of labor organizations are unanimous in their belief that the results of strikes are upon the whole favorable to the working class. Some admit that the immediate results of strikes are unprofitable to all concerned, but in the long run they are declared to have brought to the workers, both organized and unorganized, a more equitable share of the social product. When the trouble and loss of a strike has once been experienced, both sides are more ready to give fair consideration to each other's claims. Mr. Gompers seems inclined to believe that even the immediate results of strikes, when broadly considered, are usually favorable to the workmen. Even if a strike is lost, those who take the place of the strikers have probably bettered their condition; and it is only in isolated cases, he declares, that strikers take new positions under conditions worse than those they struck against. Moreover, the immediate cost of strikes is not nearly as great as it is commonly thought to be. Workmen are seldom, if ever, employed throughout the whole year. A strike simply transfers the period of idleness from the time when it is of advantage to the employer to the time when it is of advantage to the employees.³

Methods of inaugurating strikes.—Several witnesses refer to the checks which the rules of the national unions put upon the inauguration of strikes. The decision to strike must be made in the first place by the local unions, usually by secret ballot,

¹ Vol. VII: Bishop, 479, 480; Coffin, 779, 797; Smith, 979.

² Vol. VII: Gilbert, 874, 876, 879; McMaekin, 799, 800; Gompers, 605, 606; Coffin, 777, 794.

³ Vol. VII: Russell, 387, 388; McNeill, 115, 116; Gompers, 608, 618. Vol. XIV: Fox, 144; O'Donnell, 555.

in order that the real judgment of the members rather than the judgment which fear of their fellows might lead them to express may be recorded. In many nations unions a two-thirds or a three-fourths vote of the local is required; and it is usual to forbid the actual beginning of a strike until repeated efforts at adjustment have been made, both by the local union and by the national authorities.¹

Violence in strikes.—The representatives of the labor unions unanimously protest that the unions do everything in their power to preserve peace in strikes, and that when violence occurs it is the work of outsiders or of a few irresponsible individuals. This is admitted, as regards a large part of the contests, even by witnesses who are strongly opposed to the general methods of the unions. A representative of the Cigar Makers' Union asserts that when labor difficulties arise employers hire men to place themselves among the workingmen, partly as spies and partly as fomenters of disturbance. He cites an instance, said to have been proved in court, in which a detective in the pay of the employers joined the strikers, and did his best, though without success, to instigate both personal violence and arson.²

Legal right to strike.—Two or three witnesses refer to the fact that every strike was treated as a conspiracy at common law and under the statutes until 1824 in Great Britain and until about 1840 in the United States. Mr. Hourwich, an attorney, says that the right of workmen to strike has not even yet received unqualified recognition. The New York statute exempts a strike for the purpose of obtaining an advance in wages or for opposing a reduction in wages from the common-law rule regarding conspiracy. But this statute, creating an exception from the common law, will be construed strictly under the familiar rule. Anything not expressly contained in it will be excluded, and strikes do not always result from disputes about wages.³

Injunctions in strikes.—One of the bitterest protests of the representatives of labor is directed to the present use of injunctions against strikers and their friends. Peaceful persuasion to keep workmen from taking the places of their fellows is believed to be within the plainest rights of workingmen, and interference with it by the courts is felt as a gross injustice, and as indicating the sympathy of the courts with the employing class and their lack of sympathy with the workingmen. Injunctions which are believed to have no foundation in justice have frequently been sustained by the highest courts, but even when the higher courts have overthrown them the purpose of them has none the less been served. The purpose of them is to break up the strike, and before the injunction can be carried to a higher court and there dissolved the strike will have been ended if the injunction has been obeyed. Mr. Gompers points out that though the injunction is supposed to issue in order to prevent the doing of an injury which would be irreparable, and for which there would be no adequate remedy at law, the injunction itself does an injury of exactly that sort, however unjust and illegal it may be and however promptly it may be overthrown when it is brought before the higher court. The way in which injunctions have been used in recent years is declared by several witnesses to have greatly lessened the respect of the workingmen for the courts, and even to have diminished the intensity of their patriotism. The desire is expressed that the power of the courts to issue injunctions in labor cases be restricted or altogether removed, and especially that persons accused of violating injunctions in such cases be given the benefit of a jury trial. The use of the injunction, it is declared, does away with the right of trial by jury and shifts the burden of proof upon the defendant.⁴

Boycotts.—The right and the necessity of the boycott are upheld by several representatives of labor. Mr. Gompers, in particular, makes an extended argument for

¹ Vol. VII: Gompers, 609; Kennedy, 742. Vol. XIV: Fox, 143.

² Vol. VII: Thompson, 717, 720; Coffin, 778, 794. Vol. XIV: Rixey, 62, 66.

³ Vol. VII: Strasser, 262, 263. Vol. XIV: Hourwich, 154.

⁴ Vol. VII: Garland, 88, 89, 96; Donnelly, 290, 291; Schonfarber, 431, 432; Gompers, 611, 612. Vol. XIV: Fox, 146.

it. He declares that everyone has, as a matter of course, the right to refrain from dealing with any person whom he does not choose to deal with, for any reason which may seem to him sufficient. It is equally plain that boycotters may use moral suasion to enlist others in their cause, and that their friends may cease dealing with those who have given offense. The ground on which certain forms of boycotting have sometimes been declared illegal is that the boycotters resort to threats, intimidation, and coercion to induce others to join in the boycott. But the threat which they use, Mr. Gompers points out, is merely the threat to withdraw their patronage. They have a right actually to withdraw their patronage; much more, therefore, have they a right to threaten to withdraw it. The fallacy and injustice of the condemnation lie in the implication, carried by such words as "threaten" and "intimidate," that some wrongful act has been done or threatened.

The legal right of boycotting, Mr. Gompers declares, should be recognized, and the more generally it is recognized the less it will be used. To try to outlaw a man for doing what he has a perfect right to do is likely to arouse a feeling which will make him the more determined to do it.¹

ARBITRATION, MEDIATION, AND CONCILIATION.

Compulsory arbitration.—A considerable number of witnesses favor a general application of compulsory arbitration in labor differences. It is strongly advocated by two who are strenuously opposed to trade unions, and who seem to view it as a means of repressing their activity. One of them says, in terms, that he would not have labor organizations recognized as such by law or by the arbitration board. Some representatives of the unions, however, are also in favor of compulsory arbitration, and seem to view it as a means of securing the public investigation of the actions of employers.²

A much larger number of witnesses favor compulsory arbitration in the labor disputes of so-called public-service corporations, particularly railroads and street railroads. The fact that these corporations receive certain special privileges from the public is felt by some to give the public special rights in dealing with them; and the opinion is also expressed that strikes in these industries are specially injurious to the public. One witness, however, believes that a strike in a cotton mill, involving the means of livelihood not only of the operatives, but also of the retail dealers in the town, is as injurious to the public as a street-railway strike.³

A very large number of witnesses, however, are absolutely opposed to compulsory arbitration under any circumstances. It is argued that to compel men to work on terms which they are not willing to accept is slavery, and that to compel employers to run their works and pay wages they are not willing to pay is confiscation. Several representatives of the workmen add that the action of any governmental body, such as a court of arbitration, would probably be hostile to the men, as the action of the courts usually is.⁴

The possible means of enforcing the awards of an arbitration court are considerably discussed. Some of the witnesses assume that the only means of enforcement against the men would be by imprisonment. Several of the witnesses, whose attitude toward compulsory arbitration is more friendly, held, however, that fines, to be levied on the unions as corporate bodies, would be sufficient. Indeed, it is repeatedly asserted

¹ Vol. VII: Spohn, 143; Eaton, 372; Schoufarber, 431; Gompers, 638-638.

² Vol. VII: Sherman, 378-380; Thompson, 757-763, 772, 774; Coffin, 778, 784, 788, 791; Kelley, 973, 974, Vol. XIV: Brooks, 142.

³ Vol. VII: McMackin, 803, 804; Gilbert, 875-880. Vol. XIV: McCormack, 50, 51, 54-59; Rixey, 66, 67, 71, 72.

⁴ Vol. VII: Wright, 11, 12; Strasser, 262; Schaffer, 388, 389; Gompers, 612, 613; Walcott, 910, 911.

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that no penalty at all would be found necessary. A strike has small chance of success unless it is backed by public opinion. The men would lose this support if they resisted the decisions of a court of arbitration, and they would not venture to do it.¹

The compulsory-arbitration law of New Zealand is referred to by many witnesses, and is fully described by the commissioner of labor statistics of New York, and by Mr. Lusk, a former member of the New Zealand parliament. This law provides for six courts of conciliation in the several centers of population and for a central court of arbitration, to which appeals from the courts of conciliation may be taken. The great majority of all cases handled are carried to this court. Only organized bodies of employers or of employees can appeal to the courts; but the decisions may be made binding upon all persons engaged in the industry concerned. It is asserted that there has not been a strike in New Zealand since 1894, when the law was passed. There has been no case of refusal by either party to accept an award in toto, and there has been no breach of an award by a trade union. There have been violations of awards by employers, in matters of technicality and detail. It is pointed out, however, that the whole experience of New Zealand under the law has been in a time of industrial prosperity and rising wages. Mr. Lusk asserts that wages have probably risen nearly one-third, on an average, during the six years between the enactment of the law and the giving of his testimony. The real test of the efficacy of the law will come with hard times. As bearing on the value of the experience of New Zealand as a basis for judging of the advisability of compulsory arbitration in the United States, it is pointed out that New Zealand is a small country, having only some 800,000 inhabitants, scattered over a considerable area, and having only a low industrial development.²

Several witnesses who disapprove of compulsory arbitration think more favorably of the public investigation of labor disputes and the rendering of a decision by a public body, without any attempt to enforce the decision. Others would compel the employers and employees to meet each other and try to come to an agreement. It is pointed out that a large proportion of all disputes are due to misunderstanding, and would be obviated by a frank and free discussion between the parties. It might be forbidden to inaugurate a strike or a lockout until conferences between the parties had been held. Several witnesses regard the refusal of employers to recognize the organizations of the workers as one of the chief obstacles to such settlement; and they would accordingly compel each party to recognize and receive the duly elected representatives of the other. This provision was embodied in a bill which the Ohio State board of arbitration had agreed on for presentation to the legislature.³

Arbitration and conciliation by State boards.—A considerable number of States have provided by statute for State boards, whose duty is the settlement of labor disputes. These boards have not been active, however, except in some half dozen States. Those of New York and Massachusetts have been especially prominent, though the boards of New Jersey, Ohio, Indiana, and Illinois have also done active work.

Very little seems to have been accomplished in the way of actual arbitration. Neither the employers nor the workmen seem to be generally desirous of arbitration by the State boards. It is felt that the members of the boards lack the technical knowledge which arbitrators ought to have, and that on this account if arbitration is to be undertaken it is better that the arbitrators be specially chosen for each case from among persons familiar with the technical conditions of the particular trade. Some witnesses also express distrust of the State boards on the ground that the members are chosen for political reasons.

The members of the boards themselves place the greatest emphasis upon the value of their activity in bringing the contending parties together and inducing them to

¹ Vol. VII: Spohn, 152-154; Gilbert, 879.

² Vol. VII: Wright, 11; McMackin, 806, 806; Lusk, 882-887, 891, 892.

³ Vol. VII: Garland, 87; Bishop, 475-477; Gompers, 612, 618.

discuss their differences face to face. In some of the States the boards have power to conduct public investigations, summon witnesses, and reach and publish conclusions. This power has in many cases been found valuable. Parties to disputes who have refused beforehand to accept the mediation of a board have sometimes ultimately accepted its conclusions. In any case the placing of the facts before the public as they are determined by a disinterested authority enlightens public opinion and tends to a just settlement of the quarrel.

A few States have made provision for the enforcement of the decisions of State boards when both parties have previously agreed to abide by them. There appears to have been no case, however, in which this power of enforcement has been actually used.¹

Trade negotiations and agreements.—There is an almost universal agreement that direct negotiations between the parties are the best means of settling differences when such negotiations can be brought about. If an agreement can not be reached in this way, the next best thing is generally considered to be a board of arbitration, chosen by the parties themselves from among employers and employees in the same industry, but unconnected with the existing dispute. This plan offers the great advantage of providing judges familiar with the technical matters to be brought before them, as well as judges personally satisfactory to the disputants. If such a board can not reach an agreement, an outside umpire may be called in, and if the appointment of such a board is not found practicable the whole decision may sometimes be committed with advantage to persons unconnected with the trade. Bishop Potter speaks of the board of mediation and conciliation of New York City, a voluntary organization established by him and several other persons interested in the betterment of social conditions. This board is declared to have won the confidence of the working men and to have been of material assistance in the settlement of several trade disputes.²

In several trades, as the steel industry and stove founding, wages, hours, and other conditions of employment are fixed by agreement, either annually or at other intervals, between associations of the employers and of the employees. The witnesses who have participated in such agreements, as well as others who refer to them, regard this plan as most beneficial wherever it can be brought about. It is repeatedly pointed out that for an efficient carrying out of it strong organizations on both sides are necessary. Without such organizations to enforce the agreement, employers will be inclined either to refuse to recognize it, or to break away from it as soon as submission to it seems to involve any disadvantage. Such agreements, when they are well maintained, are of distinct advantage to employers, both in putting all employers upon an equality in respect to the cost of labor, and in making it possible to reckon with certainty on labor cost at future times. One of the board of managers of the Builders' League of New York regretted the absence of any such agreement, at the time of his testimony, with the New York City carpenters. Every employer got carpenters at such rates as he could. This was advantageous to small employers, who were able to pick up journeymen at low wages, but it greatly embarrassed large contractors, who were obliged to take contracts for work 18 months or 2 years ahead. It was quite impossible to say what the cost of the work would be when the time came for executing it.³

¹Vol. VII: Eaton, 374; Bishop, 469-471, 474-479; O'Donnell, 566; Whitehead, 575; Kennedy, 740; Thompson, 860, 861; Hogan, 869; Gilbert, 877-881; Walcott, 906-911, 916-918; Davis, 984-986, 989.

²Vol. VII: Garland, 87, 97; McNeill, 117; Bishop, 478; Gilbert, 875. Vol. XIV: Potter, 1, 2; Leake, 279-287.

³Vol. VII: Garland, 87, 97; Gompers, 604, 605. Vol. XIV: McCormack, 80; Harding, 113, 114; Fox, 244, 245, 249.

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TOPICAL DIGEST OF EVIDENCE.

Prepared by GAIL LAUGHLIN.

I. GENERAL CONDITION OF MANUFACTURES AND BUSINESS.

A. Relation of prices to industrial conditions.—Professor COMMONS calls attention to the fact that every period of industrial prosperity is accompanied by a rise in prices, and every period of depression by a fall of prices. He says that the price index number is the best statistical index of prosperity which has yet been devised. It ought to be combined with an index of the volume of business, but that has not yet been worked out by statisticians. (35.)

B. Trusts and industrial combinations.—1. *Advantages of combination.*—Mr. HARRAH, president of the Midvale Steel Company, says that though his company does not belong to any trust, he is a firm believer in the beneficial effect of trusts. One of their greatest benefits is in putting all buyers on an equality, and making prices stable. The Pennsylvania Railroad, through its ownership of stock in other roads, is able to dictate the price at which coal is to be sold to consumers, and to make sure that all pay the same price. It is a matter of perfect indifference to the Midvale Steel Company whether the price of coal is \$1 or \$10 a ton, so long as no competitor gets a lower price.

The furnace men have an understanding by which the price of pig iron is fixed. When Mr. Harrah makes a contract for pig iron, he knows that nobody else gets a lower price. A company like the Midvale Steel Company must make contracts which it takes 2, 3, and 4 years to complete. It is essential to know what the cost of raw material and of labor is going to be. The great capitalistic combinations steady the price of raw materials, and the labor organizations steady the price of labor.

Mr. Harrah believes that the tendency of the trusts is to lower rather than to raise the price to the consumer. They are bound to be carried on on a more business-like basis than smaller concerns, because they can afford to employ the best talent, and do employ it. All of the raw materials of the Midvale Steel Company are controlled by combinations, and their dealings have been satisfactory and fair. (350, 357, 358.)

Mr. ROBERT T. DAVIS, president of the Stafford, Wampanoag, and Algonquin Print Mills, thinks that the formation of industrial combinations is a natural evolution in business. He believes in getting rid of domestic competition through combination. The industrial combinations which are being formed will secure to this country a very large foreign trade in the future. The people abroad are beginning to see this, and some of them attribute the growth of our foreign trade to the formation of vast combinations of industry in this country. In the print-cloth industry competition in prices has been abolished and the manufacturers are obtaining prices which enable them to make a respectable profit. They do not exact any inordinate price, and it would not be policy for them to attempt to do so. (593.)

Mr. JOHN A. O'NEILL, a pottery worker of Trenton, says that intelligent, conservative organization on the part of the manufacturers of pottery would in great measure do away with cut-throat competition. Organization is absolutely necessary for the prosperity of the industry. If the manufacturers continue the cut-throat competition which has been going on, there will have to be a higher tariff on pottery or the cost of production will have to be lowered. (656.)

Mr. ALFRED WILLSON LAWSE, secretary and treasurer of the Trent Tile Company, says that the tile industry would be a great deal better if all the concerns were united in one consolidation. If the plants were consolidated, offices could be established throughout the country and the manufacturers could be brought into direct contact with the consumers. The individual concerns can not afford to do this. (634.)

Mr. WILLIAM C. REDFIELD, treasurer of J. H. Williams & Co., manufacturers of drop forgings, says that he has no fear of the present tendency toward industrial combination. The process of industrial combination holds within itself the ele-

ments which will decide whether or not it is to the public advantage, without regard to what any group of men, whether legislators or not, can do. There is a question, though, whether men can always be had who are capable of managing business on such an enormous scale. (668.)

2. *Evils of combination.*—Mr. CRESSON, president of the Manufacturers' Club, Philadelphia, while holding that extreme and unnecessary competition has produced serious evils, among which is a decrease of business honor, thinks that business consolidation may produce evils greater still. The difficulty is to find men large enough to manage a great consolidation. A man who assumes the control of such an organization has to work far harder than before. Mr. Cresson has seen men in such cases gradually fall and drop out; then somebody else has tried to do the business; he could not do it, and the consolidation has fallen through. Consolidations to eliminate expense are a mistake; business should be done as it has been done, with necessary modern improvements. (272.)

Mr. SIMEON B. CRASE, treasurer of the King Phillip Cotton Mills, does not think that, as a rule, industrial consolidation is a good thing. The consolidations are, as a rule, carried on in such a way as to perpetrate a swindle upon the public. A great deal, of course, depends on the way in which business enterprises are handled after consolidation. Under certain circumstances consolidation might be the very best thing. There is a good deal to be accomplished in the way of steadying production and prices, so that there will be a more uniform condition of things in the market. (568.)

Mr. STEINBISS, general secretary-treasurer of the National Building Trades Council, believes that industrial combinations are injurious to the workmen, skilled and unskilled. If more men are employed, and at better wages than 2 years ago, that is because general conditions are better, and not through the efforts of the corporations, whose stockholders are unacquainted with their workmen and deal with them through hired agents. The witness does not believe that the tendency of combinations is to pay better wages or to strengthen the labor organizations. They have to hire union men to a great extent, because the union men are the best mechanics and give the most work and the best work to their employers. If the trusts have raised wages it is because they have to employ organized labor, and can not afford to have a fight on their hands. The tendency of the combinations is to close establishments which, but for them, would have been at work, and in other ways to diminish employment. A labor organization is a kind of trust; but it is a beneficial trust, and endeavors to elevate mankind, while the other is simply for profit and injures industry. (80, 81.)

3. *Overcapitalization.*—Mr. HARRAH, while considering industrial combinations desirable and advantageous, declares that the majority of the capital that is represented in their stocks has no existence. He does not know of any corporations that are not too heavily capitalized to-day. The condition of things is the natural product of our civilization, however, and is bound to go on. (856.)

4. *Effect of combination on employment.*—Mr. RIXEY, commissioner of labor statistics of Missouri, says that when the Continental Tobacco Company bought out some of the large independent tobacco firms in his State it turned thousands of men and women out of employment. (77.)

5. *Legislation.*—Mr. ELMER P. HOWE, member of the executive committee of the United Shoe Machinery Company, believes that a national corporation act is desirable, if it can be constitutionally secured, so that there shall be no question as to the right of a corporation to do business throughout all the States and Territories of the country without being harassed by the imposition of annoying restrictions by the different States.

Referring to the Massachusetts corporation laws, Mr. Howe says that it is not practicable to form a corporation in Massachusetts, the value of the assets of which consists largely in patent rights or other intangible property. There does not seem to be any reason why the legislature should forbid a man to invest his money in a patent at the valuation which he and his associates agree to put upon it. The par value of the stock of a corporation is an entirely arbitrary thing. What a man looks to when he puts his money into a concern, is what the earning capacity of the company is or may be. (489, 492.)

6. *Nickel combination.*—Mr. HARRAH states that nickel is controlled by an international combination whose prices are regulated in London and are the same to everybody. Mr. Harrah buys of the Oxford Copper Company in New York, which belongs to the combination. The last advance in prices made from one day to another was from 28 to 42 cents a pound. (357.)

C. *Foreign trade.*—1. *Importance.*—Dr. W. P. WILSON, director of the Philadelphia museums, says that in the development of our export trade lies our com-

¹ On this point, see Reports of the Industrial Commission, Vol. XIII, Digest, p. cxxviii.

mercial safety. Had it not been for the phenomenal growth of our export trade and the consequent relief of the home market, the United States would already have been confronted with an economic situation almost as bad as that which existed in 1893. When it is remembered that our exports of all products 5 years ago were but \$793,000,000, and our exports of manufactured goods only \$183,000,000, while during the past year our total exportations reached \$1,478,000,000, with manufactured goods forming \$435,000,000 of this total, the enormous part played by our export trade in maintaining prosperity at home will be appreciated. During the last 5 years foreign markets have, in round numbers, absorbed \$2,245,000,000 worth of goods more than they would have done had the rate of export existing in 1893 remained stationary. (440.)

2. *Difficulties in way of development.*—Dr. WILSON says that we are entering upon a century which will witness an economic struggle among nations for commercial existence. Enormous as was the increase in the export trade of this country in the last year. Great Britain's percentage of increase was greater. If possible, effort will be made by foreign countries to dislodge American trade wherever it has obtained a foreign foothold and to stop its further advance, and the utmost energy on the part of American producers will be required in order that these hostile measures may not be successful. There is not sufficient recognition on the part of American manufacturers of the foreign market's value, or sufficient knowledge as to where the market is to be found, how to enter it most effectively, or how to develop it to the country's greatest advantage. Up to within a comparatively few years, the American manufacturer has been entirely absorbed in meeting the demands of the home market, while his foreign competitors have for generations made the subject of export trade a scientific study. Furthermore, the means for supplying ourselves with the necessary information concerning foreign markets are deficient. (440, 441.)

Mr. GRAY, secretary of the Manufacturers' Club, Philadelphia, says that the indisposition of American manufacturers to give long credits is one serious obstacle in the way of export trade. English and German firms often give credits of 6, 9, and 12 months, and South American houses are accustomed to that way of dealing. Mr. Gray does not think that the refusal of American manufacturers to adopt this method is based so much on considerations of safety as on disinclination and perhaps lack of financial ability to sell goods on long time. The relations between manufacturers and bankers are much more cordial in England and Germany than here, and this makes it easier for European manufacturers to give long credits. (207, 213.)

Mr. Gay says that the exports from Philadelphia to South America are far less than they should be in proportion to the trade with other countries. This is due largely to the fact that shipping facilities are defective and that there is lack of organized effort to secure the trade. There are lines running from New York to South America, but the quickest way to reach South America is by way of Europe. (206.)

Mr. HARRAH says that if one desires to do foreign business, one must be prepared to give long credits. He has seen about \$2,000,000 worth of dry goods sold in Brazil on 14 months' credit, the bills to be dated 6 months after the sale. When a number of German or British merchants settle in a certain territory, a branch of a home bank is immediately established and gives them all the credit they need. The Germans do even better than the English in giving their merchants facilities in establishing foreign markets, and that is why the Germans are displacing the English. (356.)

Mr. WILLIAM C. REDFIELD, treasurer of J. H. Williams & Co., manufacturers of drop forgings, says that one of the serious obstacles to the development of our export trade is to be found in our present fiscal policy. Business men of other countries have repeatedly said in substance that American manufacturers are too grasping; that they are not content with the same conditions in foreign trade which they have in domestic trade; that in the one they consent to fair exchange, in the other they want it all their own way. Moderation in tariff matters should be the keynote of our future policy. By the use of moderation one of the serious obstacles to a successful export trade in manufactured articles would be removed. (361.)

3. *Methods of developing foreign trade.*—Dr. WILSON says that in order to extend their export trade American manufacturers must to a certain extent pattern after the articles already in use in foreign countries. The people get into the habit of using a certain kind of thing and hesitate to change. In the Argentine Republic it used to be that a one-handed plow was used. An American manufacturer a one-handed plow with a steel point and established a large trade. Our manufacturers must study the customs of foreign countries and adapt their goods to those countries. (454.)

Mr. GRAY says that an extensive foreign business has been established in some

lines by direct personal solicitation. The Baldwin Locomotive Works afford a conspicuous example. Sometimes several concerns unite in employing a representative to travel in foreign countries. Often a branch is established in London by an American house, frequently under a distinct name. One great purpose of this is to get the British colonial business. Mr. Gray's own firm has sometimes tried to get information from the consular service for the purpose of introducing goods; but when the information has once been obtained and the first entry made in a given country, no further dependence for help is placed on the consular officers. (207, 210, 211.)

Mr. Gray says that it is necessary that goods be so packed for export as to satisfy the shipping conditions of the countries of destination and the tastes of the people. In South America goods must often be transported on the backs of mules. This makes it necessary that packages shall not exceed a certain size, and shall have a certain form. In the Orient the people are accustomed to receive packages of a certain form and character, and goods otherwise packed are not satisfactory. European houses understand these needs and conform to the conditions. The Germans in particular are facile in changing their goods to meet the desires of the customer. "The English hang on to long-established models, and the Americans offer what they think is best; and between the two the Germans come in with what is wanted by the customer and beat them both." (207.)

Mr. Gray does not think it wise or safe to consider the foreign market a dumping ground for an unsaleable surplus. Neither is it wise to think that an inferior class of goods will sell abroad; goods for foreign shipment must be of high quality. (208.)

Mr. LEAKE, a manufacturer of cotton fabrics, thinks that there has been no concerted effort in the Philadelphia textile trade to secure foreign markets, except through the National Association of Manufacturers and through the collection of information by the Commercial Museum. Mr. Leake adds that the securing of export business is for the most part like the securing of domestic business. It must be done by personal application, industry, and a knowledge of the subject. (277.)

4. *Philadelphia Commercial Museum.*—(a) *Object.*—Dr. WILSON says that the Philadelphia Commercial Museum was not established for profit. It was established through an appropriation made by the city councils of Philadelphia. Fifteen of the leading business men of that city were appointed trustees, and the work of the museum is of a wholly impartial character. The aim constantly before the management of the museum is to equip the producers of this country with the same information which has been acquired by their foreign competitors through long years of study of foreign opportunities. The museum endeavors to point out to the manufacturer where markets in any part of the world for his products may be found and to give him detailed information regarding the requirements of those markets and the conditions surrounding them; to show him what competition he must expect; what the facilities are, and what the cost of transportation for his goods will be; what methods of packing must be observed; how collections shall be made, and what local prejudice or peculiarities exist. Furthermore, it suggests to him the most desirable firms with which to make business connections. The museum aims to benefit trade in every line. (441, 443, 444.)

(b) *Work.*—Dr. WILSON says that the Commercial Museum is in a position to show American manufacturers thousands of samples of foreign competitive goods which are sold in export markets. That the American producer may have an adequate idea of the resources of different countries, the museum has brought together an unequalled collection of raw products having a commercial value from nearly every country in the world. That the museum may keep in close touch with trade development in every land, it has formed an international advisory board upon which every important foreign chamber of commerce has membership. Commercial experts are frequently sent to different countries to study commercial conditions at first hand, with a view to making the information furnished American manufacturers as impartial and reliable as possible. The museum is able from its files to furnish descriptive matter regarding 120,000 leading foreign firms doing business at every point on the globe where business of any importance is transacted. The museum also has on file the commercial laws of all countries, and it has recently compiled a pamphlet giving the laws of trade marks in different countries. Ten thousand copies of this pamphlet have been distributed. The museum also has on file about 1,200 current journals, including the leading publications of commerce from every foreign government. Brochures on different subjects are frequently published and circulated freely.

The museum makes a nominal charge of \$100 a year to any firm which desires to have its interests abroad watched, and to have the museum send reports to it without request and to communicate to it anything of interest which may come

under its notice. During 1899 the income from fees was \$50,000; in 1900 it was over \$60,000. No inquirer, however, is ever turned away unanswered because he is not a regular fee-paying member. Information is furnished to merchants all over the country, and 80 per cent of the inquiries answered during the past year came from business men who paid nothing for the service rendered.

The museum sent out 27,308 reports in answer to inquiries received during the past year. Many of these reports are illustrated with photographs. These reports go very fully into details. After these reports are sent out the name of the report is recorded in the weekly bulletin, thousands of copies of which are distributed to manufacturers all over the country. During the past year, also, answers have been sent to 3,224 special inquiries from American producers, covering every conceivable subject in respect to foreign trade.

Every week the museum receives from 500 to 800 inquiries from foreign houses, and during the past year about 72,000 letters were written in answer to foreign inquiries. About 40 stenographers and typewriters are employed, most of whom write from two to five languages. With the present force the museum is able to handle business in about 18 different languages without trouble.

The running expenses of the museum amount to \$200,000 annually. It is building a large plant into which it has already put over \$700,000. The work is steadily increasing.

Three years ago the museum had a commercial congress, which was attended by 50 representatives from Latin-America. The representatives were taken by the management of the museum, expenses paid, to 25 of the largest cities in the country, and they were thoroughly informed concerning the manufacturing interests of each of these cities. Some of the representatives left orders in the country to the extent of \$1,500,000. One representative, who had previously bought supplies in Europe, bought 100 tons of samples of various kinds of manufacture to take to his commission house. On the whole, the congress and the excursion did more to stir up the thought of the possibilities of foreign trade than has been done by anything since the Pan-American Congress. (441, 442, 446, 447, 448, 450, 457, 459.)

Dr. Wilson says that the museum has relations with foreign governments, which it would be very hard for any other institution to duplicate. Many foreign governments are sending to the museum their publications, and the collection of publications of foreign governments possessed by the museum is more complete, so far as some governments are concerned, than is any other similar collection in the United States. The museum has sent out thousands of circulars to uninvestigated territories, such as Latin-America and the West Indies, stating that in its laboratories would be examined and tested any materials sent to it, and that the result of the test would be communicated to the sender, provided that all data were sent, and that samples large enough to make fine exhibits were provided. Numbers of different countries have voted money in their respective congresses for the purpose of investigating their own products and sending them to the museum. Some 400 different collections obtained in this way were sent to the museum during the past year. (444, 458, 459.)

Dr. Wilson says that during the past year many inquiries have been received at the museum as to whether the material which had been brought together and the information which had been collected could not be duplicated and sent out to a number of other cities. If this could be done, the advantages secured through the work of the museum would be more broadly extended, and merchants and manufacturers throughout the country would be stimulated to extend their foreign trade. With sufficient support, the work could be duplicated and sent to as many centers outside of Philadelphia as should desire to receive it.

The museum has held a number of exhibitions in different cities throughout the country. It has held exhibitions at Pittsburg, Pa.; Worcester and Springfield, Mass., as well as in other cities. A number of times, when the New England shoe manufacturers have met in Boston, the museum has sent to Boston 800 or 400 pairs of shoes that were made in England and other foreign countries and sold in foreign markets, and has sent an expert with the exhibit to supply information. The museum has not as yet held any exhibits in foreign countries, though that is a work that ought to be done. The first warehouse for the exhibition of American goods in foreign countries was established in Venezuela, and the concession for it was secured by the Philadelphia Museum. This concession was afterwards turned over to the National Association of Manufacturers and that association now maintains it. The Czar of Russia within the past year has established a warehouse of that kind for the benefit of Russia, and has exhibited in it all sorts of implements and materials which it was thought it would be advantageous for the Russians to become familiar with. Mr. Chamberlain has held a similar exhibition in London. (454, 456, 457, 458, 459.)

LXXXVI INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

(c) *Methods.*—Dr. Wilson cites as an illustration of the methods followed by the museum in obtaining information concerning foreign markets the method pursued in the attempt to gain the information necessary to answer the inquiry of an American manufacturer concerning a possible market for horseshoes. The museum found that there were some countries in which England was selling horseshoes. The museum then asked its agent in England to find out what firms in England were making horseshoes and where the horseshoes were sold. The agent followed the matter up until he learned the places where the shoes were sold and the names of the firms selling them, the prices charged, the method of packing, whether there was any tariff imposed, and under what conditions the shoes were sold at retail in the foreign countries. As a result of the information obtained by the museum, the manufacturer making the inquiry has established a foreign trade in horseshoes, and has recently had an order to send 10 carloads of horseshoes to South Africa for the use of the English army. Similar methods are followed in other cases.

The museum at one time sent a commission to China to make a complete study of the Chinese market. Permission was secured for the commission to travel through parts of China where traveling is not common. As a result, a large amount of valuable information concerning the Chinese market was collected.

Congress made an appropriation of \$50,000 for the use of the museum, and this money was spent in obtaining, so far as possible, samples of all the manufactured goods sold in foreign markets by the leading manufacturing countries of Europe. To do anything of that kind thoroughly it is necessary to have experts to go not only to the country which manufactures the goods, but also to go to the countries where the goods are sold and to make thorough investigation. About a thousand samples of goods were collected in Venezuela and sent to the museum. These goods were afterwards sent over to England and it was finally found out by whom they were manufactured and what prices were charged for them. (452, 453.)

(d) *Value of work.*—Dr. Wilson says that the work which has been done by the Commercial Museum has been a very important factor in the extension of our foreign trade, and that the results of its work lead unquestionably to the conclusion that there could be no more forcible factor in the development of foreign trade than the establishment of a number of commercial museums or bureaus in the great cities of the country. The practical value of the work done by the Museum is in part shown by the fact that during the past year nearly 5,000 foreign business houses applied to the museum to be placed in communication with the manufacturers of various kinds of American goods.

American manufacturers have found in some instances among the materials possessed by the museum better materials than those which they were using, and through the museum they have been directed how to obtain the better materials for use in manufacture. There are many manufacturers who have had their whole energies taken up with the home market, and who have scarcely as yet come to realize that they will be compelled to look abroad for trade. The museum has received thousands of letters from manufacturers, giving hearty commendation to its work, and in many cases the correspondents have said that they were enabled to extend their foreign trade through the assistance given them by the museum.

The value of the work done by the museum has been recognized in Germany, and the German minister of commerce, at a meeting called for the purpose of considering methods by which to secure more complete knowledge concerning foreign markets for the benefit of German industry, stated that the ideal method would be the establishment of a national commercial museum, and that there existed no better model of all that such a commercial museum should be than the Commercial Museum at Philadelphia. (442, 446, 455, 456.)

Mr. GRAY says that the work of the Philadelphia Commercial Museum has been beneficial, and has resulted in bringing inquiries and orders from South America, but the direct tangible results have not been as great as might have been expected. (306, 307.)

5. *Consular service.*—Mr. HARRAH says that the German and the English consular service give more attention than ours to a knowledge of local credits. The trouble with our service is that men are sent abroad as consuls who have not the business qualifications for the place. It is an exception to meet a consul who understands the nature or the duties of his office. Outside of the large diplomatic appointments, it is the same thing with our ministers. The consular profession is just as much a technical profession as engineering. It ought to be followed as a life work. No improvement can be made so long as we maintain our system of part-time appointments and short tenure of office. (357.)

Mr. STREET, a woollen manufacturer, thinks that where the consular agents are business men they are a great help in protecting both the Government and the

American manufacturer against undervaluations of foreign goods. Every consul or consular agent ought to be a business man, with an expert knowledge of such goods as are produced in his district. They ought to have a long tenure of office, for it takes long service to give proper knowledge. (241.)

Dr. WILSON says that three or four years ago Congress passed a resolution asking the State Department to put the consular service at the disposal of the museum with regard to furnishing commercial information, and that there has been most hearty cooperation on the part of the Consular Bureau. As a rule, consuls send important communications to the Consular Bureau first. No consul has been appointed who has not been invited to visit the Philadelphia Museum and to study its work, and to become familiar with the information which it was able to give concerning conditions in the country to which he was going. When the bureau receives any important information it communicates it to the Consular Bureau whether it is received from a consul or not. While many of the consuls appointed are competent to fill their positions, others are not, and there ought to be a law putting the consular service under civil-service regulations. A good consul studies his locality, and tries to find out how the trade of this country may be extended in that place. (449.)

6. *Special trade-marks.*—Dr. WILSON says that in some countries, such as China, Japan, Persia, and in all countries where there are special superstitions, it is sometimes rather difficult to know how to introduce a trade-mark which will not run counter to some prejudice, or in some way injure the sale of goods instead of aiding sales. The Philadelphia Commercial Museum has taken special interest in looking up the matter of trade-marks in China, and has had prepared four large volumes of trade-marks made from hand sketches by native artists. It pays manufacturers to put a Chinese trade-mark on goods designed for the Chinese market, and the museum had these trade-marks prepared for the use of manufacturers who are especially looking for Chinese trade. English manufacturers are, in some cases, using special trade-marks in China. There has not been a single case found as yet where American manufacturers are making use of special trade-marks in that country. It is a well-known fact that the finely prepared trade-marks used by the Germans go a great way toward selling their goods in South America and in other countries. (450, 451.)

7. *Banking facilities.*—Dr. WILSON says that our export trade is hampered by the lack of banking facilities controlled by American citizens. It is a well-known fact that on all the trade which we have with South America we pay a fine percentage to London bankers. As a rule we have to do all our banking for South America through London. It would be of great advantage to our foreign trade if we had a direct connection. (460.)

Mr. GRAY thinks that international banking facilities would be of some advantage in foreign trade, but he doubts whether the lack of them has restricted business relations to any large extent. His own firm has found no difficulty of that kind; indeed its foreign sales are made chiefly to commission houses at home, f. o. b. New York or Philadelphia, and the commission houses pay cash. Mr. Gray's firm has scarcely anything to do with foreign exchange. (207, 210.)

8. *Export prices.*—Dr. WILSON says that the exporters of all countries charge lower prices in foreign markets for goods than they charge in the home market. After running their plants to the extent necessary to produce sufficient for the home market it pays them to run their plants the rest of the time for the foreign market, selling their goods in the foreign market at lower prices. This condition prevails irrespective of the economic policy of the countries in regard to tariffs. (456.)

Mr. CHARLES F. HOMER, treasurer of the silk association of America, says that not only in this country, but in every other country, manufacturers sell goods abroad at lower prices than they sell them at home. They do not do this because they want to do it, but because of the condition of the market. The manufacturer disposes of his goods at home if he can get the best price there for them. If he can not dispose of them at home satisfactorily, he sends them to the next best place. There are times when a manufacturer's production is greater than the demand for his goods, and he must either stop his business entirely or dispose of his goods as best he can. Before the adoption of our tariff policy European silk manufacturers used to send large consignments of their surplus products to this country. If they had been able to dispose of those goods to advantage at home, they never would have sent them here. It is not only more profitable to run a mill on full time, but it is sometimes a necessity. If the mill is closed down, the help becomes disorganized, and when they are wanted again it is found that they have obtained other positions. (701, 702.)

Mr. REDFIELD says that it is a fact known everywhere in manufacturing circles that manufacturers sell their goods in Europe at lower prices than at home. (661.)

D. Tariff.—1. *Advantages.*—Mr. STEEL, a worsted manufacturer, thinks the tariff has largely added to the population of this country, as well as increased the industries. It has brought people to this country to do work here which they were accustomed to doing abroad. It may be that, in the course of many years, competition among ourselves will make our cost of production the lowest in the world; but to reach such a condition we need a continuance of the protective policy. Besides, people who have made investments on account of the policy of the Government are entitled to a reasonable continuance of that policy.

The working people get the larger part of the benefit of tariff protection. "Competition among manufacturers keeps prices very low, but that competition can not be visited directly upon the work people; their wages are quite firmly fixed. If we take an order for goods at a low cost, we can not take it off the work people." (245, 246.)

Mr. JOHN HOPEWELL, a manufacturer, of Boston, says that the benefit derived from the tariff by one industry is reflected in other industries. For instance, when the steel business is good and all hands are employed, general business is good and everyone participates in it. If any large industry becomes crippled, depression gets in the air and business is demoralized. (524.)

2. *Revision of the tariff deprecated.*—Hon. WILLIAM F. DRAPER, president of the Draper Company, says that any discussion of the tariff, with a view to change, would necessarily check business for the time being and cause a disturbance of industrial conditions. There would have to be a very serious and troublesome state of affairs to justify the entering into a general tariff discussion. (471.)

Hon. WILLIAM W. CRAPO, president of the Wamsutta and Acushnet Cotton Mills, says that a revision of the tariff at this time is not to be desired, though changed conditions may, after a while, make a revision of rates desirable. Agitation of the tariff always unsettles business and creates apprehension. The amendment of one or two tariff schedules is quite impracticable without opening up the whole tariff question. (537.)

Mr. OTTO ANDREAE, jr., a silk manufacturer, says that the need for changes in the tariff schedule on silks, is not great enough to justify tariff revision. General tariff revision always causes business stagnation. (691.)

Mr. FRANK W. CHENEY, treasurer of Cheney Brothers, says that it would be better to let the general tariff schedule on silks with all its imperfections remain as it is than to undertake any revision of the tariff. (732.)

Mr. JACOB WEIDMANN, of the Silk Dyeing Company of Paterson, New Jersey, says that a general agitation of the tariff at this time would be a misfortune. (707.)

Mr. PIERCE, president of the New England Cotton Yarn Company, says that any tinkering with the tariff will produce disturbance in business. (542.)

Mr. SIMON B. CHASE, treasurer of the King Philip Cotton Mills, says that he should regret to see the tariff touched in any way. (559.)

Mr. GEORGE MCNEIR, Secretary of W. & J. Sloane, carpet dealers, says that the agitation of the tariff question always brings uncertainty into business and has a depressing effect upon trade. The changes in the tariff which he recommends are not important enough to justify general tariff revision. The recommendations have been made with reference to the time when tariff revision is inevitable. (718.)

Mr. JOHN A. CAMPBELL, general manager of the Trenton Potteries Company, says that tariff revision has in general a very bad effect upon the industries of the country. The pottery manufacturers are perfectly satisfied to have the tariff left as it is. (628.)

Mr. ROBERT T. DAVIS, president of the Stafford, Wampanoag and Algonquin Print Mills, says that tariff revision has usually disturbed business very much, and that any changes in the tariff should be undertaken with great caution. It does not seem to be practicable to change one schedule of the tariff without opening the whole question. So far as the removal of the tariff from iron and steel products is concerned, it is Mr. Davis's opinion that such legislation would be disastrous to the concerns outside the trust, unless the industry has reached that point where those concerns can make large profits without any protection, and that does not seem to be the case. (593.)

Mr. WILLIAM M. WOOD, treasurer of the American Woolen Company, says that it is very important for the woolen manufacturers to have stable conditions, and they would deplore any tariff legislation at this time. They would rather go along just as they are for a few years than have any change. They want a little period in which to get adjusted to existing conditions. (516.)

Mr. JOHN HOPEWELL, a manufacturer, of Boston, says that a general revision of the tariff would have a disastrous effect on business. If the protective tariff were abolished, American wages would necessarily go down substantially to the level

of the wages paid in other countries. The consuming capacity of the American people would be very much reduced, and that would affect business in general. One great reason why this country offers the best market in the world is that the people consume more per man than do the people of any other country in the world. (524, 525.)

Mr. LINCOLN GODFREY, president of the Eddystone Manufacturing Company, says that he does not want to see another general revision of the tariff in his time. It would be very disastrous to business. (478.)

Mr. HARRAH, president of the Midvale Steel Company, is a free trader by conviction, but declares that to adopt free trade in this country would unsettle everything. People accommodate themselves to existing conditions. If a still higher tariff were to prevail, Mr. Harrah would adapt himself to that. The great evil is change. "It is far better for us to let the tariff alone for some time now. We have just got through a period of great anxiety, and now we want 4 years of rest. Now let us have that rest. Don't touch the tariff and I will not touch the question of free trade." The Midvale Steel Company has only three customers—the Government, the shipyards, and the railroads. It prospers when the shipyards and the railroads prosper. While it would like to have some changes made in the tariff for its own benefit, they might hurt somebody else; "and it would hurt us more to have a change made than to endure the little annoyances we have to put up with now." (355.)

Mr. LEAKE, a Philadelphia cotton and linen manufacturer, thinks that it would be unwise to attempt any change in the tariff. It takes time to adjust business to new laws and new conditions. We have only fairly got adjusted to recent economic changes. Doubtless there are some inequalities in the tariff. For instance, the existing tariff on linen yarns is quite high in comparison with the duties on the woven product, and there is very little linen weaving in this country. If the spinner were willing to divide a little with the weaver, he could create a market for his yarns by inducing weavers to engage in novelty work of all sorts with linen as a basis. The same thing appears in the cotton industry. The market value of cotton yarns is far below the importing price, including the duty, but during the last year the prices of cotton yarns have been manipulated by agreements between the spinners. The manufacturers about Philadelphia of novelties and specialties in woven goods, because of their changing output, which requires now one class of yarn and now another, seldom undertake to do their own spinning. They are dependent upon the market, and when the price of yarn is raised by manipulation the market for the woven goods is curtailed. Mr. Leake himself has been compelled to withdraw his line of samples from Australia. It is better, however, to bear any slight disadvantages that the present tariff arrangements may involve than to run the risks of change. (274, 275.)

Mr. STEEL strongly urges that there be no change in the tariff laws. He would rather submit to any of the inequalities and disadvantages of the present law than to a general stirring up of the question. Disturbance and agitation, with a constant fear of change in the laws that govern one's business, produce a horrible condition of life. (246.)

Mr. JOSEPH G. JACKSON, secretary of the Slasher Tenders' Union of Fall River, would not advocate any sudden or radical change in the tariff. Reciprocity, as proposed by Mr. Blaine, should be adopted. Competent men should be appointed as consuls, and they should try to build up the trade of the United States by offering inducements in the line of reciprocal trade relations. We can produce more cotton cloth in this country than we can consume. It is true that our exports are increasing; but we have not the foreign market which we ought to have. We should establish reciprocity with the countries of South America if we can do so without unsettling our own market or our own economic conditions. Any changes in the tariff should have in view the preservation of industries and of employment in this country; but the law should not foster some little insignificant industry at the expense of some large one. (587, 588, 589.)

Mr. CRESSON, a manufacturer of transmission machinery, thinks that the business depression of 1898 was entirely due to the tariff change. Business had been adjusted to a certain tariff arrangement, and the alteration of it put a stop to everything. Mr. Cresson thinks that the most important thing is to have business entirely separated from politics. "The business of the country should be on an entirely different basis from anything that could be affected by politics, and until we can get that done I do not see how we can have steady business." General revisions of the tariff, with a large number of manufacturers going down to Washington and trying to get the tariff placed as high as possible on their particular products, are most unfortunate. Mr. Cresson is not at all an advocate of a high tariff. He thinks the tariff should be as low as possible, affording a fair profit to manufacturers. Excessively high rates give enormous profits for a time, and the

result is demoralization. Mr. Cresson's own business is not at all affected by the tariff, except indirectly through its effect on his customers. (287-289.)

3. *Trusts and the tariff.*—Mr. CRAPO says that the domestic competitors of trusts would be more injured by the repeal of the tariff than would the trusts themselves, for the reason that the withdrawal of tariff protection would destroy the small competing industry, while the trust, with its larger capital, enormous resources, and superior organization, might, in the absence of home competition, survive and become even more of a monopoly. (538.)

4. *Ad valorem and specific duties.*—Mr. CRAPO thinks that it is quite advisable, in fixing tariff rates, to mingle an ad valorem with a specific duty. A specific duty undoubtedly prevents undervaluation. Sometimes it is desirable to start with a specific duty and then add to that an ad valorem duty. (538.)

5. *Desirability of a tariff commission.*—Mr. MCNEIR believes that there should be appointed a permanent tariff commission. The members of the commission should be appointed perhaps for life, and should be paid salaries sufficient to enable them to devote their entire time to the subject. They should also be given power to arbitrate some of the differences which may arise, having, perhaps, some of the duties, privileges, and powers of the present board of appraisers. If these men were selected with reference to their especial fitness for the position and without regard to their party affiliations, the appointment of such a commission would result in a better adjustment of tariff schedules than can be secured in any other way. The commission would not, of course, frame legislation, but it could submit reports on which Congress would base its action. (718.)

E. Patents. Copyrights.—1. *Erroneous granting of patents.*—Mr. GIBSON, a manufacturer of gas and electric fixtures, complains of the ease with which patents are sometimes obtained for alleged inventions that are not inventions. His complaint is based upon a costly experience of his own. It was natural, he says, that, when the electric light came into use the manufacturers of gas fixtures should make electric fixtures; indeed, an electric fixture is a gas fixture except that it is not necessary to make the joints tight, because there is no gas to escape from it. But when the gas-fixture people were giving their attention to the new demands upon them, a workman was observing what was being done in the factory where he was employed, and he brought the matter to the attention of a New York patent attorney who was very successful in getting up specifications and claims. This attorney drew up an application embracing perhaps a dozen claims, and covering everything pertaining to the manufacture of an electric fixture. There was absolutely nothing of new invention in it. The application was refused over and over again; but finally, under circumstances which seem to be surrounded with mystery, the patent was granted. That was in 1882. Very few of the manufacturers recognized the patent. Mr. Gibson and four or five others thought it better to pay a 3 per cent royalty than to risk a lawsuit, and they took out licenses. In 1889 a combination was formed in the gas and electric fixture business. Mr. Gibson was the only prominent manufacturer who refused to go in. In 1892 Mr. Gibson's license under the patent expired. When he applied for a renewal of it, he found that the managers of the combination had come to an agreement with the owners of the patent, and that he could not get a renewal of the license unless he joined the combination. He refused. Suit was brought against him. He won at last, but the suit cost him \$18,000 in cash, besides a great loss of business. The patent was then surrendered. Some modifications were made in the claims, which were intended to make them conform, as was alleged, to the decisions of the courts, but which, Mr. Gibson asserts, really broadened them, and the patent was reissued. Suit was not again brought against Mr. Gibson, but it was brought against other manufacturers. In the first suit the patentees were successful, but in the second they were beaten.

Mr. Gibson does not wish to oppose the general granting of patents, but he thinks that some measures should be taken to prevent the granting of them when no invention exists. (286-289.)

2. *Patent litigation.*—Mr. ELMER P. HOWE, member of the executive committee of the United Shoe Machinery Company, thinks that it would be a good thing if there could be legislation which would lessen the expense of patent litigation and hasten the decision. At the present time a person without considerable means can not afford either to prosecute or defend a patent suit. (489.)

3. *Copying of designs.*—Mr. GIBSON complains of the copying of designs. His practice is to produce original designs, with the help of designers, modelers, and chasers. He may go to an expense of \$500 in preparing to make a chandelier which will sell for \$20. Another manufacturer buys one of these chandeliers, copies it, and cuts the price. The original manufacturer is compelled to lower his price, though he may not have asked more than is just, considering the design-

ing and preparing of the patterns. One new establishment in Mr. Gibson's line has recently put out a catalogue of 180 pages, composed exclusively of cuts copied from the catalogues of other manufacturers. The law of copyright affords no protection against the imitation of designs, because the imitator could evade the law by making some little change in the pattern which the buyer might hardly be able to detect. (389, 390.)

II. GENERAL CONDITION OF LABOR.

A. General social conditions and progress of working classes.—

1. *General social conditions.*—Bishop POTTER declares that the problem of modern society is to prevent alienation and misapprehension of classes. With the growth of wealth, this is as great in a republic as in an empire. No one can fail to recognize the enormous contrast in social conditions between the present time and 50 or 75 years ago. In the smaller communities in which Bishop Potter's youth was spent, "if there was poverty it was recognized and known about, and the conditions under which it came about were known. If there was intemperance that was recognized; and the ne'er-do-well people were not left, as they are in modern life, to the experience of such profound indifference; and the distances between the top and bottom were so much less than they are to-day that the tendency was to help people mutually to understand one another. The mischief of the growth of wealth and luxury in a country like ours is that it practically destroys that condition." A large portion of the well-to-do people in our great metropolitan communities are as remote from other elements of the population as from the "people in the Philippine Islands or in Borneo—don't know any more about them; don't know how they live. The sad part of it is they do not want to know, as we do not enjoy hearing things painful to us. So, when issues between labor and capital come about, the element that is discreditable in it is the profound ignorance of intelligent people as to what brought them about." (2.)

Mr. Woods, head of the South End House, Boston, speaking of a tenement district of about 40,000 population in that city, says that about 2 per cent are loafers; 10 per cent casual and intermittent workers, 38 per cent unskilled laborers regularly employed, earning from \$1.50 to \$3 per day; 30 per cent mechanics and artisans, earning \$2.25 to \$3 per day; 27 per cent clerks and small shopkeepers, and 3 per cent belong to the professional and mercantile class. (199.)

2. *Influence of politicians.*—Mr. Woods says that the power of the local politician depends largely on the manipulation of social groups and organizations which he finds ready to his hand. It is one of the objects of university settlement work to take advantage of this instinct for organization and turn it into good and hopeful channels. To a very large extent, however, ward politics is based on economic needs. Young men of foreign nationalities and of different religious faith from the well-to-do find themselves hindered in a business career by certain prejudices. Often district machine politics offers the largest opportunity to the cleverest and most ambitious of them. Then there are a large number of men, mostly unskilled laborers, who want work in the city departments. There are the small jobbers and contractors who want to get work from the city. The small shopkeepers are dependent to a considerable extent for their patronage on the influence of the more powerful men in the district, who are usually the politicians. The various holders of liquor licenses, peddlers' licenses, and so on are to a large extent dependent on the politicians. The loafer and semi criminal class must keep in touch with the local political organization, for they depend on it when they get into trouble. (199, 200.)

3. *Unskilled labor.*—Mr. WYCKOFF, assistant professor of political economy, Princeton University, states that soon after he graduated from college it was suggested to him that as a means of increasing his knowledge of social and economic questions he become a workingman for a period of months or a year or two. He accordingly undertook to earn his living as an unskilled laborer, and continued the experiment from the latter part of 1891 to the early part of 1893. He determined not to beg, but to rely entirely upon his ability to earn a living by the work of his hands. His plan was, further, not to depend upon small temporary jobs for the earning of meals and lodging, but to accept a job of a more or less permanent sort, work at it until he had saved a little money, and then walk through the country until his savings were exhausted. He traveled in this way from Connecticut to San Francisco, except that he rode on the railroad through some of the very thinly populated parts of the far West. (181-197.)

Mr. WYCKOFF says that in the course of his experiment he never found an employment, except possibly in one or two cases, which did not offer means of improving his position. For instance, when he worked as a hotel porter for \$3 a

month and his keep, and often worked 16 hours out of the 24, he found a chance of securing a position as assistant gardener, with a great improvement of position and wages. When he worked in a logging camp in Pennsylvania, he was at first at a great disadvantage because of his absolute lack of experience in the woods; but as soon as the boss found that Mr. Wyckoff was capable of giving him help in some simple matters of record and reckoning, such as keeping track of the loads of bark that went to the tannery and the number of pounds in each load, he offered to keep him and give him a much better position. The work in question was not a matter of skilled bookkeeping; it involved nothing more than a knowledge of elementary arithmetic, such as any boy with a few years' training in the public schools should have. Again, while Mr. Wyckoff was at work in the Chicago factory he constantly saw men who entered the place as unskilled laborers advanced to positions of advantage as soon as they showed any capacity for the piecework system which was in vogue there. He constantly noted the anxiety of employers to discover any special ability in their hands. Mr. Wyckoff feels justified in making two generalizations: First, no man who is willing to work at any honest employment and is not bound down to any one locality, but is free to go out into the country and look for work, need long look fruitlessly for employment; second, every form of employment which Mr. Wyckoff secured as an unskilled laborer opened the way to a better position. (183, 184.)

Mr. Wyckoff says that he found it impossible to keep his notes closely during the period of actual employment, because the strain of manual labor was such that when the day's work was done he was physically unfit for any further effort, even mental effort. He adds, however, that this was probably due in a large measure to his being wholly unaccustomed to manual labor, and that if he had been accustomed to it he might not have found the strain quite so exhausting. (188.)

4. *Character and intelligence of workmen.*—Bishop POTTER declares, for himself and his associates on the Board of Mediation and Conciliation, of New York, "that we have found our relations to workmen a daily education to us; that we have found in them a degree of intelligence, and especially an instinct of fairness, with which they are rarely credited; a disposition to be careful about statements of fact, and to recognize the tendencies of exaggeration among their own number, and to assist us—assist me, particularly—in my relations with them in reaching conclusions, by making sacrifices." Bishop Potter finds that the workmen are usually disposed to make a concession if they see that it will be met with a concession on the other side. They do not maintain their demands with unreasonable rigidity. (3.)

Bishop Potter refers to the strike of the marble workers of New York City, which he was instrumental in settling. The working of marble is, in his judgment, a low type of industry, requiring little intelligence; yet the intelligence of the men engaged in it, or of those who spoke for them, was interesting and encouraging. There were Italians, Germans, Irishmen, and Americans; but there was no choice as to the clearness of their statements or their readiness to consider points in opposition, or their apparent capacity to do so. (4.)

Bishop Potter spent some 6 weeks, 3 or 4 years ago, in a community house of the Episcopal Church in Stanton street, New York. He devoted a large part of each day and evening to receiving anybody who wanted to come to him about any conceivable trouble. He had all kinds of visitors, with all kinds of sorrows, troubles, and shames; but, though there was a great deal of poverty all about and many factories in the neighborhood were shut down, and though he was asked for all kinds of comfort and sympathy, he was never asked for money, directly or indirectly. "What are you going to think about people who are of as fine fiber as that, the most redeemable quality in our social order? They have just the same sympathies, character, and purity and self-respect and chastity and honor as you and I have." (5.)

5. *Character of farmers.*—Mr. WYCKOFF, speaking upon the basis of his experience as a farm laborer, in the course of his experiment in earning a living by unskilled work, declares that he came out of his experiment with the very highest regard for our farmers. The standards of intelligence, the standards of morality, the standards of patriotism among them, seemed to him very remarkable. In numbers of instances he lived and worked in the homes of farmers, where he was most strongly impressed with the high, intellectual, and entirely exemplary character of the whole family life. Throughout the Northwest he found large numbers of New England farmers who seemed to him to preserve the very best traditions of New England. (187, 185.)

Mr. Wyckoff came to know many farmers who were deeply interested in the free coinage of silver, and gained a knowledge at first hand of their views. When, during the campaign of 1896, he read in the Eastern papers that the silver move-

ment was essentially dishonest, and that the farmers were trying to pay off their debts at 50 cents on the dollar, he resented that imputation very strongly. It was exceedingly unfair. "However wrong the men may have been, as a question of finance, they were not at all wrong in looking at the matter from their point of view as producers, because it is indisputable that from 1873 down to that year of 1892, and for 4 or 5 years after, there had been a steady decline in prices." Suppose one borrowed \$1,000 when he was getting \$1 a bushel for wheat. Suppose wheat went down to 50 cents before he paid the debt. When the debt was contracted it was equivalent to 1,000 bushels of wheat; when the time came to pay, the debtor had to raise 2,000 bushels to meet it. It seemed to the farmers that the fall in prices resulted from a shrinkage in the volume of currency, brought about by the creditor class, which was interested in increasing the value of the currency. Many of them conceded that the currency had increased in volume, but contended that the increase had not kept pace with the increase of commercial need. Mr. Wyckoff thinks that if there had been more instruction, of a careful, systematic kind, in the elements of finance, many of these very intelligent farmers would have regarded the matter in a very different way. Yet it seems to him that there was a great deal to justify their views. (197.)

6. *Religious attitude of workmen.*—Mr. WYCKOFF says that, excepting in the country, the working people of Protestant antecedents seem largely to have drifted away from religious influences. When he went to church in a country community, he found the farmers and the agricultural laborers there, with their wives and children. But in the city, if he went as a workingman to a Protestant Church, he very rarely found other workmen there. On the other hand, if he went to a Roman Catholic Church he found wage-earners overwhelmingly predominant. The Roman Catholic Church seems to be the only one which has retained its hold upon the laboring classes, excepting in the country communities. (194.)

7. *Intoxicating liquor.*—Mr. Woods says that poverty and drink are each a cause of the other, but he believes that the drinking of mature men in the tenement-house districts is largely the result of the weakening influences to which they were subjected and the depraved habits which they acquired while they were children. The weakening of vitality and character almost inevitably leads to drink.

Mr. Woods thinks that as more and more restrictions are placed on the saloon, compelling it to be open to the public view, etc., the tendency of the saloon to be a workmen's club decreases. Indeed, some saloons in Boston display prominent signs forbidding loafing. (200.)

Mr. WILLOUGHBY, of the United States Department of Labor, has not seen, as a matter of personal observation, as much drunkenness in Europe as in the United States; but all the evidence shows that in France drunkenness is increasing greatly among workmen, on account of their giving up wine drinking for the drinking of absinthe and similar liquors. (170.)

8. *Standard of living.*—Mr. WYCKOFF says that in the course of his experiment as an unskilled laborer his experience of the conditions of life of the workmen among whom he was thrown was uniformly satisfactory. He lived for the most part in mechanics' boarding houses with other workmen. The houses were good, the beds were good, and the food was uniformly good. It often happened that the woman who kept the boarding house had been out at service before her marriage, and so had acquired some exceptional knowledge of cooking. His common experience was to have meat three times a day; indeed, the workmen seemed to demand this as their right. While he worked in the factory in Chicago he lived in a boarding house opposite. For breakfast he had porridge, meat, a vegetable, and coffee, all very well prepared, and excellent bread; for dinner at noon there was first a steaming bowl of soup, then a roast, two or three vegetables, with abundance of bread, and then a dessert, either pie or pudding; in the evening there was cold meat, a hot vegetable, with an abundance of bread, and some sort of preserved fruit. For all this the price was \$4.25 a week. Mr. Wyckoff did not find the cooking so uniformly good on the farms as in mechanics' boarding houses, and did not find the variety of food so great. The bread was not nearly so good, and particularly the pastry was not nearly so good. It was not an infrequent thing to find much of the food fried; pork or bacon, with potatoes fried in the fat of the pork. (192, 193.)

Mr. Woods says, speaking particularly of the people among whom he works, that the generation which is coming upon the scene has higher standards than the old generation. In many cases the young men avoid the saloon; not that they are total abstainers, but they consider themselves above the low saloon. They have acquired a certain self-respect and certain social standards, partly, perhaps, as a result of being in the public schools and partly as a result of belonging to social organizations connected with settlement houses and similar institutions. (204.)

XCIV INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

9. *American and European workmen compared.*—Mr. HARRAH, president of the Midvale Steel Company, says that the reason why manufacturing can be done more cheaply here than abroad is not to be found in the superiority of tools or of brain power, but simply in the superior energy of the American. People do not work as hard in Europe as we do. The men are allowed more time to do things. They have a much easier life. He does not think that our superiority is due to advantages in raw material and fuel, because the price of fuel and ore is not fixed by the geographical location of the mines, but by the railroad companies. (354, 355.)

Mr. JACOB WEIDMANN, of the Silk Dyeing Company of Paterson, N. J., says that foreign workmen who come to this country become more efficient after they have been here a short time, and in 5 or 10 years a foreign silk dyer will turn out a third more work than when he first came to this country, and will be as efficient as any workman in the mills. (704.)

Mr. LINCOLN GODFREY, president of the Eddystone Manufacturing Company, says that in this country a man would turn off 125 pieces of cotton prints in the same time in which the same man would turn off only 100 pieces in Europe, under the conditions that exist there. (478.)

Mr. STEEL, a manufacturer of worsted and woolen goods, who has had experience both in America and in England, thinks that the capability of the English working people in his line is superior to that of the American. The reason is, in his judgment, that on account of the surplus of good labor in England, the manufacturers can be more exacting and compel them to do their work carefully and properly; here that is scarcely possible. (237.)

10. *American and European conditions compared.*—Mr. WILLOUGHBY says that the conditions of labor are undoubtedly better here than in any European country. There are exceptions, however. "For instance, I believe the coal miners are better off in Europe than they are in the United States. I think their actual conditions of living there are better. They are probably better housed; they probably eat better, and they are certainly very much better off as regards stability of employment."

In the glass and iron industries our conditions compare very favorably, at least with those of continental Europe, but though the British workmen in the steel trade do not earn as high wages as ours, they are very well off. "They have more constant work; through various relief organizations they are better taken care of, and their requirements are not so great as they are here." The great advantage of the European workman generally is that the conditions of his life are more certain. The German, for instance, whatever his condition may be in comparison with the American, "knows that if he meets with an accident incapacitating him for work he is going to receive a pension for the remainder of his life; that if he is killed there is going to be a compensation paid to his wife and children; that if he falls sick he is going to receive compensation also; and finally, when he gets unable to work as a result of old age that he will be then entitled to a pension—these are advantages that the American workman does not enjoy."

The American workman, on account of his higher wages, may make provision against those conditions, and to a certain extent he does so. But the person who is most in need of provision, the common laborer, does not. (479, 480.)

Mr. STEEL, who has paid some attention to the cost of living in England and America, believes that the cost of living generally is somewhat lower there, but among working people is almost as high as here. The prices of food are, if anything, higher there. The only articles which he discovered that were cheaper than in this country were potatoes. "But they live fairly well over there; they do not consume a great deal of meat; their food is more of the character of cereals—bread and things of that kind." Working people do not live in separate houses, but in rooms. They generally have gas, but do not ordinarily have bathrooms. For heating they depend almost entirely on open fires. As to clothing, prices are somewhat lower in Great Britain, but not, Mr. Steel thinks, very much lower. His impression is that the profits of retailers are greater there than here. There is no other country in which the ready-made clothing business is so developed as in the United States, nor where ready-made garments are so well made, either in point of workmanship or as to style and general character. Mr. Steel believes that these goods are sold to consumers as cheaply as the product of ordinary tailors in England. There it is necessary to depend almost entirely on tailors. (388, 393.)

Mr. WEIDMANN says that workmen can live more cheaply in this country than abroad. Some of his foreign-born employees have kept a record and have found that living is cheaper in this country. (707.)

11. *Housing of working classes.*—(a) *New York.*—Bishop POTTER considers that the elevation of the working classes depends largely on the condition of their homes. There has been a noticeable improvement in this respect in New York within 10

years, and still more within 20 years. The legislation for improving the homes of the poor has been judicious and wholesome upon the whole, and has been fairly well enforced, though the enforcement of it brings up the question of an efficient police system. The disposition of capitalists to build improved tenement houses is increasing noticeably, and the experiments in this direction have on the whole been encouraging and reassuring, yet the movement lags far behind the position it should have reached. It seems to be one of the defects of the trade unions that they have given no attention to this subject. It has not yet been possible to interest small shareholders in the building of improved tenement houses. This is most unfortunate. Model tenement houses ought to be built by the people and not for them.

Bishop Potter believes that the tenements of New York are not owned to a great extent by the large owners of real estate. He believes that they prefer a higher grade of property. Tenement property is troublesome and needs constant vigilance. The witness thinks it is owned considerably by Hebrews and by people who are not of great wealth. His knowledge, however, is not definite.

The problem of decent housing is partly a problem of the education of the people themselves. Many of the inhabitants of New York, coming to us with Eastern ways and habits, have to be taught to use a Western house and Western conveniences. (5-7.)

Mr. REYNOLDS, head worker of the university settlement of New York City, says that the condition of tenement houses in New York has improved, on the whole, during the past 10 or 15 years. The older tenement houses were buildings which had formerly been occupied by single families. When such a house is turned into a tenement there are always dark rooms and unsatisfactory sanitation. The requirements of the building department as to air space, and those of the board of health as to light, are much less adequately enforced with respect to old houses than with respect to new. On the lower West side, in the old houses with rotten woodwork and defective plumbing, the prevailing disease is typhoid or typhus; on the East side, where the evil is lack of light, the prevailing disease is tuberculosis. (87.)

Mr. Reynolds says that in a special investigation of the relations between landlords and tenants in the tenement-house districts of New York, in which he was engaged, it was learned that the landlords calculate that a given apartment will be occupied, on an average, 10 months in the year, and that they base their scale of rents on 10 months' occupancy. When a tenant goes into a new place he has to make a deposit. He stays a certain number of months, and when he gets ready to leave he lets the rent go as long as the landlord will let it go and economizes and saves and is able to pay a month's rent in advance at the next place. (87.)

(b) *Philadelphia*.—Mrs. SYMONDS, labor editor of the *Philadelphia Inquirer*, says that she spent her childhood and young womanhood in the neighborhood which is now the slum district of Philadelphia. The present tenement-house conditions did not then exist there. They have come in with the Russian and Italian immigration. The majority of the houses are old dwellings which are entirely unsuited for the purpose of tenement houses, to which they are now put. Apartment houses on the New York plan are beginning to be built. Even in them the conditions are bad. Though the houses are not deep, 2 families are put on a floor; the rooms are very small, and the water and toilet conveniences are in the hall. (261, 262, 266.)

Mr. FOLWELL, a woolen manufacturer of Philadelphia, states that working people of the class employed by him live in 2 and 3 story houses, of brick, with bath-rooms and hot and cold water. The smaller houses contain from 5 to 7 rooms and the larger from 10 to 12. The rent is from \$12 to \$20 a month. The houses are habitually occupied by single families. (215.)

Mr. CRESSON, a manufacturer of transmission machinery, mentions as reasons why more working people own their homes in Philadelphia than in other cities the cheapness of ground and of building, and the good transportation facilities. The building and loan associations have also helped. Mr. Cresson thinks it a good thing for a boy to be brought up in his father's house. If a man owns a house he will take care of it and teach the boys to do the same. But it is cheaper to rent than to buy. (271.)

(c) *Boston*.—Mr. WOODS gives some results of an investigation of a tenement district of about 40,000 population in Boston. It was found that fully one-half of the population live in apartments of from 1 to 4 rooms for each family; one-fifth live in tenements and apartments of a higher grade, and nearly all the remainder live in lodging houses. Less than 100 families in the district have entire houses to themselves.

Many of the tenement houses were formerly residences of well-to-do citizens. When they are made to serve for 2, 3, or 4 times as many people as they were meant

for, the bathing facilities and the water-closet facilities are very inadequate. Where houses have been specially built as tenement houses, the evils of the ventilating shaft and the dark inside room appears. In an investigation of this district made by the Massachusetts Bureau of Statistics of Labor some 9 years ago, it was concluded that 25 per cent of the houses were positively objectionable from a sanitary point of view. Within the last few years a large number of the most insanitary buildings have been destroyed by order of the board of health. At present the restrictions in Massachusetts upon the building of new tenement houses are adequate and effectual, but it often happens that under the pretext of repairing an old house a practically new tenement house is constructed under conditions which would not be allowed except for this pretext. (198.)

Mr. Woods says that rent is a rather higher item in Boston than in most other American cities, except New York. Often more than one-fourth of the family income of the poor goes for rent. About one-half goes for food. This leaves one-fourth for clothing, furniture, recreation, support of religion, etc. The spirit of enterprise and self-respect often leads people to sacrifice food for the sake of clothing and furniture, and perhaps to secure an extra room in which to receive friends. "People familiar with working-class life abroad, who see our working classes and see the way they dress, are always misled as to the grade of income on which they are." (199.)

(d) *Fall River*.—Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that factory tenements are gradually disappearing from Fall River. There is no need now for mill owners to build tenements for their operatives, as there are plenty of tenements in the city. The tenements built now are more modern than those built by the mill companies 25 years ago. Many of the operatives, however, are compelled to live in the poor tenements because of their small earnings. The rents of the factory tenements vary from \$1.50 a week up. For other tenements, built in a more modern way, the rental is from \$10 to \$14 per month. Many of the mill operatives own their own homes. The cooperative banks have, to a great extent, assisted them in obtaining homes. (566, 567.)

(e) *Europe*.—Mr. BLAUSTEIN, superintendent of the Educational Alliance of New York City, refers to model tenement houses in Frankfurt on the Main, which have been built by private individuals under arrangements which give them 4 per cent on their money, and turn all the rest of the income into a sinking fund for improvements. This fund is managed by trustees. The occupants of the houses exercise a control over the property and have a feeling of ownership in it. (137.)

12. *Discontent among working classes*.—Mr. WYCKOFF says that during his experiment as an unskilled laborer in Chicago he made it a point to attend as many meetings of the revolutionary classes, socialists and anarchists, as he could, and to come to personal acquaintance with their leaders. He found that Germans and Polish Jews were to be found in the largest numbers among socialists and anarchists in Chicago, but that all nationalities were represented. The majority of the men of revolutionary opinions were foreign born and of comparatively recent immigration. They were not largely professional agitators, but were almost exclusively working people, and largely of the skilled-artisan class. It seemed to him, however, that while there were industrious workmen among them, the majority of the rank and file were not thrifty, were not good workmen, but were men who did not keep their jobs very long.

Mr. Wyckoff did not find the socialists at all destructive in their opinions. Their views are rather evolutionary. They believe that the processes of social evolution are all working in the direction of the collectivist order of society, as contrasted with the individualist order. They have two very definite objects in view: The first is to form a political organization which they hope will extend until it will embrace a sufficient number of voters to gain political control; the second object, to which this is preliminary, is to use political control to reorganize industry, by substituting for private property in the instruments of production collective ownership of them. They anticipate no revolution in bringing this about, but they regard the progress of centralization and the organization of capital as preparing society for the final collectivist organization. There are many men among the socialists who believe in socialism as in a religion, and who try to make themselves centers of missionary influence. Their discussions, however, are not based upon simple discontent, but are rather discussions of principle. Mr. Wyckoff did not hear among them much violent hostility to any class. They constantly contrasted the capitalistic class and the wage-earning class, but he heard no violent speeches against the capitalistic class. They seemed to regard it, as well as the proletariat, as the result of evolution. They considered that the capitalists were not themselves to blame for the condition of things. The class

was looked on as tyrannously appropriating the values created by the wage-earning class; yet it was not spoken of with hostility, but rather in the way of a theoretical accounting for an economic condition which is a part of the evolutionary development. There would be frequent admissions that there are many capitalists who as individuals are good men, and that the capitalistic class represents a necessary phase of evolution.

On the other hand, Mr. Wyckoff has the feeling that among the anarchists there is a strong hostility to the capitalistic class, and that many, especially of those who call themselves communistic anarchists, believe in the violent overthrow of the present organization of society. (188, 195, 196.)

13. *Saving by workmen.*—Mr. WYCKOFF says that he always found it possible to save money out of the wages he received as an unskilled laborer. His plan did not enable him to learn what a man could save by sticking to one employment, say for a whole year. As soon as he had worked a few weeks in one place he gave up his job and spent his savings in walking through the country; but he never found it impossible to make savings, and often he was able to lay by a large part of his wages. He gives details of his earnings and the cost of board. (173-189.)

Mr. Woods says: "A family which manages to put by something is likely to rise in the scale, and a family not putting anything by is in all probability tending downward." An important feature of the work of the South End House is the encouragement of thrift. One of the workers, a young woman, goes about to the factories of the district, especially those where young women are employed, and collects their savings. (199, 203.)

Bishop POTTER says that the foreigners who come to New York, and who are accustomed to lower planes of living, are very thrifty, and that the savings bank exerts a most conservative influence over them. Though they may be anarchistic or revolutionary in their tendencies, they cease to be destructive as soon as they have some money in the bank. (5.)

14. *City and country.—Respective advantages.*—Mr. WYCKOFF considers that for men of skilled trades it is on the whole better—better for their trade and better for the interest of their class—to be under conditions which admit of their being members of trade unions, and adding their personal strength to the strength of the union. For them, therefore, he seems to consider city conditions more favorable. But for unskilled laborers, in the present conditions of employment in this country, he considers it far better to be in the country than in the large industrial centers. (193.)

15. *Chinese labor.*—Mr. WYCKOFF states that in working his way from Los Angeles to San Francisco in the early part of 1893 he was effectually cut off from the possibility of finding employment on the railways by the presence of Chinese labor. He observed no mixed gangs of Chinese and Americans. (192.)

16. *Negro labor.*—Mr. HARRAH, president of the Midvale Steel Company, says that among the 8,400 employees of this company there are 800 or 1,000 colored men. They are not men bred in Philadelphia. Philadelphia colored men are accustomed to be waiters, cooks, and the like. The steel company gets its men from Virginia. They are men of strong physique, intelligent and docile. While they begin as unskilled laborers, they gradually become skilled. There is no drinking among them, and there is no friction between them and the white workers. (353.)

Mr. HIXEY, commissioner of labor statistics, Missouri, says that there are no factories in that State run wholly by colored labor, and that there are very few colored workers in the mechanical arts. Almost all the colored wage workers are engaged in domestic work, or in such work as that of porters. (74.)

B. Agencies for betterment of social conditions.—1. *Legislative remedies.*—Bishop POTTER has little faith in legislation as a remedy for social evils. He believes that we have too many laws rather than too few. Yet he would except "all law which involves the turning on of the light," such as factory-inspection laws and those which relate to the sweat shops. (11.)

2. *Extension of municipal functions.*—Mr. Woods says that Boston now has public playgrounds, public baths and public gymnasiums. There are swimming baths for the summer in each great district, and there is one public all-the-year-round bath, with accommodations for 50 bathers and with separate departments for men and women. The number of baths taken is about 300,000 a year. There is soon to be established in Boston a workingmen's institute, to be provided by the Franklin fund, the accumulation of a small bequest left by Benjamin Franklin a hundred years ago. The institute will be in part devoted to mechanical and technical education for artisans and mechanics already engaged in their trades, and in part a general social center for workingmen. Mr. Woods believes that such work as this on the part of the city is in the end an economy; that there will be a

saving in the police department, in the prison department, in the almshouse department, and in the hospital department. (202.)

8. *Social settlements.*—Bishop PORTER says that the college settlement grew originally out of the desire of college men in England to get closer to the laboring classes. The first was Oxford House, in London, founded by a number of Oxford men who went and lived in the slums and interested themselves in the social recreations of the people. Next was Toynbee Hall. The success of these movements led to the establishment of similar settlements in New York, Chicago, Boston, and other American cities. Young men give a month or 2 months or 3 months to this work, living in community in the settlements. One of the advantages of these organizations is that they give an opportunity for humanitarian work to persons who would be embarrassed if it were necessary to take it up under distinctly ecclesiastical auspices. (8, 9.)

Mr. REYNOLDS, head worker of the University Settlement Society, New York, says that this society is a voluntary organization, composed of people who make annual contributions of \$5, \$25, or \$100 a year to support the work done by the University Settlement. The object of the society is to bring together people of the laboring class and the wealthier class, to compare ideas regarding the conditions of society, and to work together for the amelioration of conditions, especially in the poorer quarters of New York. The lines of work which the society takes up may be divided into two classes. First, investigation into the social conditions of the quarter in which the settlement is situated; for instance, special investigations have been made as to the condition of the unemployed, relations between landlord and tenant, the conditions of women workers, and pawn shops. The second purpose is to provide an opportunity for the people of the district to improve themselves mentally, morally, and socially. The society has two settlements, one on the lower East side, in a district peopled mainly by Russian, Polish, and Roman Jews, and the second on the lower West side, in an Italian quarter. The latter has just been established; the former has existed 14 years.

The work of the settlement is carried on chiefly by men living in the houses. In the older settlement at Eldridge street there are generally 8 or 10 men. They are usually, but not always, college graduates. They live there at their own expense, paying a regular price for room and board, and taking part in the work of the house. There are also 40 or 50 nonresident workers or day visitors. They, for the most part, are not college graduates.

The settlement has a kindergarten for the youngest children, between the ages of 5 and 7. It has clubs for older boys and girls, organized primarily for social purposes, and secondarily for educational and moral purposes. Each club has a director, a young man or a young woman. The position of the director is, however, that of an adviser, rather than of a governor or teacher. He is present at the weekly meetings of the club, but the club elects its own officers, and the responsibility of good order is put upon the children themselves. The director oftener finds it necessary to interfere in the interest of moderation than in the interest of severe discipline. The children are only too willing to punish. These children's clubs meet in the afternoon; in the evening there are clubs of older persons.

The settlement has a children's penny provident bank, with a membership at present of about 4,000 children. Deposits are held without interest and repaid on demand. There is a library with a membership of 1,100 or 1,200. There are concerts, music classes, musical and dramatic entertainments. There are some simple industrial classes in cooking, business arithmetic, stenography, dressmaking, etc. Five-cent baths are provided. There is a gymnasium on the ground floor and a roof garden on the top. Summer outings are organized. There is a summer home for girls and a summer camp for boys. Probably a little more than half of the people who use the building are less than 21 years of age.

In addition to the direct activities of the settlement itself, valuable work is done by other organizations which occupy parts of the settlement's building as tenants. The Provident Loan Association, a model pawn shop, has a branch there. The Legal Aid Society has an office there. The Central Federated Union, the central labor body of the city, meets there, and so do several trade unions. The number of persons who use the Eldridge street building, in one way or another, is about 6,000 weekly. The difficulty now is to find accommodations for societies and organizations which wish to use the rooms.

While the elevation of the moral tone of the community is one of the chief objects of the society, the question of religion does not enter into it. The settlement is supported by Protestants, Catholics, and Jews. (78-82.)

Mr. WOODS, the head of the South End House, Boston, states that this is a college settlement established about 9 years ago. There are at present 7 men in residence, and at another house 3 women. There are, besides, about 30 men and women

who do not live on the ground, but come usually once a week for some regular duty. The plan of the settlement is to assume the care of a definite district or parish with a population of about 6,000. In this neighborhood the effort is made to have some center of influence in every block; that is, there is one house where the young women live, another house where the young men live, another house where there is a workmen's reading room and a kindergarten and a manual-training shop. Then there are small libraries of 15 or 20 books each, deposited in tenement homes; a dozen boys and girls living in the court or alley where a library is established become members of it. One of the workers attends once a week and gives out books, and talks with the children, and visits their families. Another worker, a young woman, goes about among the factories of the district, particularly those where young women work, and collects their savings. In this way she comes into personal relations with them. There is an ascending scale of little clubs and classes, beginning with the kindergarten and going on to boys and girls and young men and young women. The settlement tries to cooperate with all forms of charitable, philanthropic, and educational work in the district. It forms the link or connection between the public schools and the homes of the children. It comes into active touch with the leaders of the labor organizations.

The object of the college or university settlement is to place in a poor and crowded district a group of young men or young men and young women who shall, so far as possible, identify themselves with the life of their district. They are supposed to be young persons who have been trained in college in some branches of social science, and they go there with the double object of studying the situation and of doing all that they can for improving the conditions which they find. In their work for social improvement they strive, above all, to work with the people of the district and to incite self-help and mutual aid among people just as far as possible. (198, 203.)

4. *Educational Alliance.*—Mr. BLAUSTEIN, superintendent of the Educational Alliance of New York, says that this institution has existed since 1891. It does work very similar to that of the social settlements, but it is not a social settlement, because it has no resident workers. Its work is chiefly among the Jews, and it is supported chiefly by Jews; but it makes no distinction of race or religion. If one who is not a Jew applies for admission into a class or a club, or wishes to draw books from the library, or wishes to attend the gymnasium, no questions are asked. There are even colored people in the classes. The institution was formerly called the Hebrew Institute. The name was changed to get rid of the appearance of sectarianism.

The work is chiefly among comparatively recent immigrants and their children. There are morning classes for children of school age who do not attend the public schools, especially recent arrivals who have not learned English. They are prepared for the public schools and sent there as fast as possible. It is attempted to exert a moral influence over them and to teach them habits of cleanliness. There are baths and there is a barber attached to the institution.

There are also morning classes of graduates of the public schools who want to prepare themselves for office work. There is a kindergarten class for children from 3 years old upward who are too young to be admitted to the public kindergartens. These are largely children both of whose parents work. In the afternoon, from 4 to 7, there are classes for children who attend the public schools. The most of these come for religious instruction. The attempt is made to stop the gap between the rising and the passing generation. The greatest stress is laid on the ethical part of religion, but children are taught to respect their traditions and to respect their parents. There are also industrial classes for girls—sewing, millinery, dressmaking, and cooking. There are gymnasium classes for both girls and boys. There are literary clubs for both boys and girls, meeting in the afternoon. A special effort is made to teach the children the history of the city of New York.

The most important part of the work is the evening work. Then the adults who work in factories or in stores or in the sweat shops come. Some of them can not come before 9 o'clock; so classes are arranged to begin as late as 9, and the building is open till 11. At any given time, not less than 1,000 people may be found in the building.

Besides the classes and clubs, there is in the building a branch of the Penny Provident Fund, with as many as 18,000 depositors. There is a branch of the Aguilar Free Library, a library supported mostly by Jewish people, whose books and magazines are selected especially for the immigrants. There are books in Hebrew, in Russian, and in Yiddish.

There are also classes which do not lead to any particular end; classes in literature, history, economics, constitutional history, music, and art. "The people of the East Side are very eager to know everything."

On Saturday the building is closed for secular work, and there are religious

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services, both for the older people, with prayers in Hebrew and addresses in German on topics of the day, and for children, mostly in English. On Saturday evening the building is devoted chiefly to recreation. There are dramatic entertainments which are meant to be of an elevating character and to counteract the demoralizing influence of the three regular Jewish theaters in the city. On Sunday there are no regular classes, but there is social work.

A special point is made of celebrating all legal holidays and of teaching the people the meaning of them. Special efforts are made to instruct the people in American geography and in facts about the different States. It is hoped in this way to encourage scattering from New York into interior States. (114-118.)

5. *Provident Loan Association.*—Mr. REYNOLDS says that the pawn shop is the only means by which money can be raised under any circumstances in the lower part of New York City. The regular rate of interest charged by pawn shops is 3 per cent a month for the first 6 months and 2 per cent a month for the second 6 months, making 30 per cent per annum. The Provident Loan Association has been organized, partly on philanthropic grounds, to furnish loans at 1 per cent a month. At this rate it has been found possible to return an interest of 5 or 6 per cent on the investment. The branch office, established in the building of the University Settlement, did a business of \$500,000 the first year in loans which usually did not amount to more than \$5 or \$10 at the outside. Ninety-eight per cent of the articles pawned the first year were redeemed, as against from 70 to 80 per cent in the average pawn shop. It does not appear to be true that ordinary pawnbrokers desire to get the articles. They unanimously state that when they have to take articles they generally lose. They are willing to loan more when they think the loan is likely to be repaid than when they think it will not be. Since the rate of interest is high, they like to loan as much as they think they can loan safely. One reason for the smaller proportion of unredeemed pledges in the experience of the Provident Loan Association is that it is rather more conservative in its methods than the ordinary pawn shops. (79, 80.)

6. *Legal Aid Society.*—Mr. REYNOLDS states that the Legal Aid Society is a philanthropic organization established to provide free legal counsel for the poor. The branch established at the university settlement has one salaried lawyer regularly employed. Two residents of the building give a certain amount of their time to the work without pay. A charge is made of 10 cents for the registration of a case. If suit is brought and money is recovered a certain per cent is paid to the society. If there is no recovery there is no charge. Advice is given gratuitously. The society is careful not to interfere when there is no reason why an ordinary lawyer should not be employed. Most of the contributors to the society are lawyers. The society was established partly because poverty prevents so many from resisting injustice through the law and partly because the legal counsel that is given in the poorer quarters tends so largely to encourage rather than to discourage litigation. (80, 81.)

C. *Relations of employers and employees.*—1. *Generally.*—Bishop POTTER thinks he observes a distinct improvement in the disposition of employers to recognize the rights of their employees. Moreover, he believes that the fraternal instinct is widely diffused in the minds of employers all over the world. He does not think that the popular mind does justice to the growth of this feeling. The great enemy of good is ignorance. People are ready to take hold of instrumentalities for bettering the relations between the classes as soon as they realize the need. (4, 6.)

Mr. FRANK W. CHENEY, a silk manufacturer, says that if a manufacturing enterprise is to get on successfully, there must be cooperation and mutual confidence between employers and employees. If any conditions exist in the mills of Cheney Brothers which are unsatisfactory to the employees, they mention the fact to the company and the matter is gone over in a friendly way. (733, 734.)

Mr. HARRAH, president of the Midvale Steel Company, says that the Baldwin Locomotive Works must treat their men very kindly, because when work is slack with them many come to the Midvale Steel Works, but when work picks up at Baldwin's the men leave the Midvale and go back there, even though they may be getting big wages. Mr. HARRAH declares that his own policy and desire is to make his works attractive to the men, for selfish reasons. One invests a great deal of money in the education of a man. It is necessary to be patient with him, to explain things to him, and to let him waste a quantity of material while he is in training. When he is thoroughly educated, the works can not afford to lose him. In 1894 and 1895 and 1896 Mr. HARRAH took contract after contract which brought no profit, and some which involved a loss, simply to keep the men together and enable them to support their families in comfort. It was not a philanthropic measure, however, but a measure of business; and when good times came the company got its reward. (350, 351.)

2. *Model towns.*—Mr. NELSON, president of the N. O. Nelson Manufacturing Company, refers to the beautification of factories and their surroundings, and the provision of dining and rest rooms and of lecture courses and libraries for employees; a series of provisions which, as he says, are sometimes designated by the name of social betterment. These things cost some money, and to this extent may be regarded as a form of profit sharing.

Mr. Nelson refers to his own model village of Leclaire, Ill., laid out on a tract of 125 acres of land 18 miles from St. Louis. The village is provided with well-made and tree-lined roads, with a bowling alley and a billiard room and a clubhouse for single men, with a room for evening gatherings, and a lecture and dance hall, which, by the aid of sliding partitions, is used also for a schoolhouse. There is a greenhouse which provides flowers for the public grounds and gives them away to such as will set them out in their yards. The company has its own electric-light plant for lighting the factory and the village, and its water plant. It has built cottages of from three to six rooms and sold them on easy terms to such employees as have wished to buy. It provides lawn mowers for everybody's use, and if anyone wants more garden room than he has on his own lot, he can have all he wants, already plowed, on the adjacent farm. At the start scarcely any of the people made gardens or planted flowers; they did not know how to do it or care for it. By infectious example they now all have gardens and handsome yards. "No resident has ever been asked to cut his grass, or go to church, or keep sober; mainly, I think, for that reason there has never been a fight, or a drunk, or any interference with a neighbor." There are a kindergarten and a primary school and a dancing class, and two or three reading clubs among the children. There is a lecture course every winter. Mr. Nelson has lived in the center of the village for 8 years, and he asserts that he never had better neighbors and that no more intelligent or better behaved children than those about him can be found anywhere. (361, 362.)

Mr. WILLOUGHBY speaks of the model villages and institutions which have been established in connection with the Krupp works at Essen, and adds that there is scarcely a large establishment in Europe where the employer does not provide institutions of one kind or another for the benefit of his employees. The reason why these things are so largely done in Europe and comparatively so little in America is, Mr. Willoughby thinks, the difference of mental attitude between the European laborer and the American. The American does not like to have things done for him. What he wants he wants as a right. The continental worker does not have this feeling. Mr. Willoughby refers, as an illustration, to the experience at Pullman. Even in continental Europe, however, some wise employers have adopted the policy of turning over their model institutions to their employees as fast as possible. Mr. Willoughby believes that even in this country the employers could, in many cases, encourage and foster the development of club houses, reading houses, and baths, and the organization of cooperative societies, either for managing stores or for building houses. But he should encourage the men to do these things rather than do them himself. (178.)

3. *Insurance of tools.*—Mr. WILLIAM C. REDFIELD, treasurer of J. H. Williams & Co., says that that company insures the tools of its employees against loss by fire or water, without charge, the consideration given being service in the fire department of the works. (658.)

4. *Advantages of fair treatment of employees.*—Mr. REDFIELD says that industrial betterment is not a matter of giving alms, but of doing justice. If a man is justly treated and well paid he will be a more economic producer, except where conditions make it impossible, than if he is ill treated. A justly treated man produces more than an unjustly treated one; a contented man is a better and cheaper producer than a discontented man. The fair treatment of employees by J. H. Williams & Co., has worked well. The company has lived through one panic, holding its working force together and not reducing the pay of any employee. It has stood the test of competition, for it has many rivals in the same industry. The company has won its success largely because it has paid high and continuous wages to its workmen, and has recognized thoroughly the intelligence and efficiency of its employees. (657, 660, 665.)

10. *Employment and unemployment.*—1. *Opportunities for employment.*—Mr. WYCKOFF is convinced by his own experience in earning his living as an unskilled laborer that no man in this country who is willing to work at any form of honest labor, and is not bound down to any one locality, but is free to go out into the country and look for work, need not long look fruitlessly for employment. He admits, however, that this statement does not apply to certain localities or to certain seasons of the year, and that it does not apply to those who are bound by family ties or otherwise to congested centers of population. In the great centers the army of the unemployed is a genuine phenomenon. (185-191.)

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Mr. Wyckoff feels confident that the period of his experiment in working as an unskilled laborer, from 1891 to the early part of 1893, was a better time for such an experiment, because a more normal time, than the period following the panic of 1893. He believes that 1893 and 1894 were very abnormal years, and that 1891 and 1892 were much less so. He is convinced, however, that even in 1893 and 1894, he would still have found opportunities for work in the country much as he found them in the years in which he did carry on the experiment, because the work he got was of a kind for which there is always more or less demand, on the farms, in the logging camps, and on the railways. (192, 194.)

Mr. Wyckoff says that nothing surprised him more in connection with his early experience in rural districts and small towns in the eastern part of the country than the ease with which he found employment. He believes he never had to look for work more than a single day without finding it. He had the same experience in traveling west from Chicago to the Mississippi, up into Minnesota, down through Iowa, and on through Nebraska; and in California abundant opportunities for work were offered to him. He never had any trouble in getting work with farmers. His experience in this respect was entirely uniform, both in the East and in the West. A physician in southwestern Minnesota assured him that at the time when he was there, 30,000 men could have been put to work within a few neighboring counties. This, however, was the harvest season. But Mr. Wyckoff was assured by the testimony of numbers of farmers that the demand for men was so chronic among farmers in that region that they were more than willing to keep desirable men throughout the winter at a nominal wage in order to be assured of their services from the 1st of April to the end of November. During the period from April to November, the regular wages are \$20 a month and everything found, even including washing. For the few weeks of the harvest season it is easy for skilled men to get \$2.50 and \$3 a day.

Mr. Wyckoff adds, however, that so far as a large proportion of the unemployed in the cities are concerned, farm employment does not, on account of social considerations, present an opening for them. Except in the large ranches of California, Mr. Wyckoff did not find that farmers made provision in outbuildings for the accommodation of help; elsewhere it was the uniform practice of farmers with whom he came in contact to take their hired men into the house, have them eat at the family table, and make them members of the family. In numbers of instances Mr. Wyckoff was greatly impressed with the high intellectual and social tone of the family life of the farmers among whom he worked. Many of them in the Northwest seemed to preserve the very best traditions of New England. A large part of the unemployed in cities are unfitted by experience or training to be admitted into the life of such families. This may be said without raising the question of vicious habits. The recent immigrant, for instance, could not be admitted into families of the type of which Mr. Wyckoff speaks.

Yet, if such a thing were practicable, and so far as it is practicable, it would be of the greatest value in the assimilation of the immigrants, and in their social training and training for citizenship. There is no class among whom the foreigner could learn American institutions as he can among the farming class. The farmers are themselves intelligent and observant. They know American institutions and believe in them, and they would be able to impart their knowledge to foreign-born men as perhaps no other class in the country could. (186, 187, 195.)

Mr. Wyckoff found it more difficult to obtain employment in the larger towns and cities than in the country and the small towns. In Chicago, in the winter of 1891 and 1892, the supply of labor was in excess of the demand by many thousands of men. Mr. Wyckoff devoted 2 weeks to continuous effort before he was able to find employment. Then he got a place as a hand truckman in a factory at \$1.50 a day. The existence of a large army of unemployed and the pressure of competition among the men seeking employment did not seem to affect wages in the factory, and \$1.50 a day represented considerably more than the means of subsistence. Mr. Wyckoff got good board across the street from the factory at \$4.25 a week, and he was able to save almost the entire margin between \$4.25 a week and \$3.

The only other place where Mr. Wyckoff speaks of having found a large number of unemployed men is Cripple Creek, Colo. He reached Cripple Creek in the early days of mining there and found it impossible to get work. He went on from there to Creede, which was also in its early days, and again found it impossible to get work in the mines. He did get employment there, however, with a gang of men building a road, and he received there the highest wages that he ever had as an unskilled laborer—\$2.50 a day. (188, 189.)

2. *The unemployed. Classification.*—Professor COMMONS, of the Bureau of Economic Research, New York City, suggests that the unemployed should be divided into four classes: First, the able-bodied who are willing to work; second, the able

bodied who are unwilling to work; third, the totally incapable; fourth, those who are partially incapacitated. Each of these classes should have different treatment. (84.)

3. *Causes of unemployment.*—Professor COMMONS says that the most obvious cause of unemployment in this country is immigration. Some of the trade unions protect themselves by charging special initiation fees to foreigners. The union of stationary engineers has induced the State of New York to pass a law that engineers' licenses shall be granted only to citizens. (42, 43.)

Professor Commons says that the general tendency of modern industry, with its high pressure and its speeding up of machinery, is to increase the number of those who can not come up to the required standard of performance. A man who is "either physically, mentally, or morally weak, is less able to hold a job than ever before, and of course in a period of depression he is the first discharged. He is the man likely to get into intemperate and vagrant habits, and that number is necessarily increasing, owing to the pressure of modern industry, which in this country is higher than in other countries." The fixed standard wage rates of the trade unions increase the difficulties of the less efficient. Professor Commons mentions a lithographer in New York who is growing old and can no longer do a day's work on the basis of the union scale of \$25 a week. He could earn \$18 a week and would be glad to, but the union will not let him take less than the standard rate. So he will be discharged and become one of the unemployed. Provisions of law which fix maximum hours and minimum wages on public work tend in the same direction. They compel contractors on public works to be more careful about the men they employ and to work them harder. Some trade unions remedy this bad tendency of their standard wage rates by considering separately the cases of individual men, and permitting them to work at lower rates when it is clear that there is no subterfuge by which the scale itself may be broken. (37.)

Professor Commons points out, in considering statistics of unemployment of organized workmen in Great Britain, that there is regularly an increase of unemployment in the winter. Unemployment on account of the season can hardly be called unemployment, because men who are subject to such things can predict the lack of work and prepare for it. A seasonal worker, other things being equal, can secure higher wages when he is working, as an insurance against that unemployment which is sure to come. The case is entirely different with that unemployment which is due to fluctuations of business prosperity. It is this kind of unemployment which is the serious social problem. (35.)

Mr. HOURWICH says that the great cause of unemployment in 1893 was, of course, the industrial depression. The answers given by employers to the police of Chicago disclose a reduction in the working force of the establishments of about 40 per cent. Yet a certain amount of the unemployment was not attributable to any acute crisis. There are seasonal trades, for example, and the returns of the factory inspector showed that there were periods of unemployed time which could not be ascribed to the industrial crisis.

Drunkenness figured very little as a cause of unemployment. There were cases in which aid was refused on account of drunkenness or bad habits, but in Mr. Hourwich's belief they amounted to only about 1 per cent or less. (166, 167.)

Mr. WYCKOFF says that there is either a lack of knowledge among city laborers of opportunities in the country, or else there is unwillingness on the part of men who know of these opportunities to accept work in the country with the conditions of life there. He found in numbers of instances that men who knew from their own experience that they could get work in the country preferred the comparative destitution of chance employment in the city to the isolation and loneliness which attend the life of labor in the country. Mr. Wyckoff believes that with the rise of new communities and the growth of small communities into larger ones and the cheapening of the means of travel, so many city opportunities are being brought to places which were formerly isolated and lonely that the gregarious instinct will cease to work so strongly in crowding men into the great industrial centers. (191.)

1 *The unemployed in Chicago in 1893.*—Mr. HOURWICH says that at the time of the great industrial depression, 1893, he had the chair of statistics in the University of Chicago, and he undertook, with the assistance of his class of graduate students, to study the condition of unemployment. Two police censuses were taken, and data were gathered by several of the agencies. The Central Relief Association examined individually 20,000 cases of application for aid, with the practical purpose of determining the worthiness of the applicant in each case. These figures were tabulated by Mr. Hourwich and his students. They examined data on file in the office of the factory inspector. They also made personal investigations of some 800 cases. Mr. Hourwich also went with a party of the students to the camp of the Coxey army, and examined personally some 250 members of it.

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It was discovered, contrary to popular opinion, that nearly all the applicants for relief were residents of Chicago. Only a very slight percentage had not lived in Chicago for a period of years.

The average time of unemployment was about 5 months. This shows, not that these persons were unemployed only 5 months, but that they were able to eke out an existence for 5 months before going to the charity organization. For about 3 months, on the average, they had not paid rent; the landlords had borne with them to this extent; but they had paid rent for 2 months on the average, and they had got food. Very little property was mortgaged or pledged or pawned. The grocer and the milkman and the baker and the butcher had furnished some of the support. Some families owed in this way \$20 or \$25, but not all could get credit, and the amount of credit was not sufficient to carry them over a period of 5 months. Mr. Hourwich believes that a considerable part of the living for 5 months and the 2 months' rent must have come from savings. This shows, he thinks, that there must be in the hands of the workmen a certain fund to provide for such emergencies, and that they can tide over a slack season which lasts less than 5 months.

The unemployment was pretty well divided between the skilled and the unskilled, but very few members of labor organizations were among the applicants. There may have been less unemployment among them, or they may have been better paid and able to stand unemployment longer, or they may have been aided by their organizations. (185-188.)

Mr. WYCKOFF says that it was very plain to him that a considerable element of the unemployed in Chicago during the winter of 1891 and 1892 were to be classed as tramps. The tramps come into the large industrial centers in the winter because they can live better there than in the country. Large numbers of them make considerable sums of money by begging. He has been told that men who become proficient in that line may average as much as \$1.50 and \$1.75 a day. The saloons which furnish free lunches make it possible for them to live on comparatively small sums, and they can sleep in the 5-cent, 10-cent, and 15-cent lodging houses. At the worst there is always the police station to fall back upon. Mr. Wyckoff came very little into contact with tramps in the course of his experiential experience as an unskilled laborer. He did the most of his traveling by walking along country roads, and very few tramps are to be found there. Tramps travel by the railway systems usually, beating their way on freight cars. (190.)

Mr. Wyckoff is certain also that many of the unemployed men whom he observed in Chicago in the winter of 1891 and 1892 were supported by the work of their children or that of their wives. (191.)

5. *Amount of unemployment in England.*—Professor COMMONS says that while the percentage of unemployment among the organized workmen in England fell as low as 1½ per cent in a period of great prosperity—December, 1889—the percentage among workmen as a whole never falls nearly so low. The unions include only about 15 or 16 per cent of the workmen of England, and even in the unions it was over 10 per cent in 1887. Booth's figures show as much as 30 per cent of unemployed in east London, and Professor Commons thinks that Mr. Booth would reckon 10 per cent of the workmen of the whole country as falling below the line of efficiency, either mentally, morally, or physically. (87.)

6. *Evils of unemployment.*—Professor COMMONS declares that if workmen can not be brought into the habit of thrift it is doubtful if we can make good citizens out of them; but if a man's savings are liable to be swept away by periods of unemployment over which he has no control the inducement to thrift disappears and character will be broken down. (84.)

7. *Unemployment and prices.*—Professor COMMONS shows by a chart, indicating the movement of prices and also the percentage of unemployment of organized workmen in Great Britain from 1887 to 1900, that during this period the changes of employment varied constantly with the changes of general prices. As prices went up unemployment diminished, and as prices went down unemployment increased. There was not more than one month during this period in which the rule was not verified. Professor Commons does not undertake to say which is cause and which is effect. (34, 35.)

8. *Indiscriminate giving.*—Professor COMMONS thinks that the reason why people give indiscriminately to beggars is that when a man is asked for alms and is told that the beggar can not find work he feels that the burden of proof is on him to show that the man can find work. In Holland the labor colony furnishes a place where work can be found by anybody. This shifts the burden of proof to the beggar to show why he should not be at work in the labor colony. Professor Commons believes that in Germany public begging has practically been abolished by the establishment of such institutions. (38.)

9. *Remedies for unemployment.*—(a) *Generally.*—Mr. WYCKOFF considers that the most impressive feature of the problem of the unemployed in this country is the

lack of scientific distribution of population, and that measures looking to a more scientific adjustment of the supply of labor to the demand would go to the root of the difficulty. (195.)

Mr. REYNOLDS finds that one reason why our people refuse to go from the city to the country is that they prefer to live in the city, and another reason is that they feel that if they get into the country they are lost. If they should become stranded there, their position would be much more calamitous than in the city. The great need is some well-arranged communication between city and country by which those who want work done could be brought into direct contact with those who want to work. (94.)

Mr. WILLOUGHBY thinks that the evidence is strong that trade unions look after their own members very adequately, and that the problem of unemployment relates almost exclusively to unskilled labor. He suggests that if cities could so organize their work which requires a large amount of manual labor, such as street sweeping and road making, that the service could be expanded when many were out of work. That would be the best way of meeting unemployment. When an attempt is made to organize a special relief scheme from the beginning after the necessity arises it is almost always a failure. (170, 171.)

Professor COMMONS believes that a large proportion of those who are unable, by reason of mental, moral, or physical weakness, to come up to the standard of efficiency required by the conditions of modern industry, and so go into the ranks of the unemployed, might be made self-supporting by subjecting them to a regime of steady and compulsory labor under proper supervision and training, and that by virtue of the training a certain proportion might be made capable of self-support in ordinary competitive industries. That particular weakness which shows itself in epilepsy is cured in the epileptic colony of New York, by giving the patients suitable outdoor work. The superintendent of the institution for the feeble-minded in Ohio believes that by taking all the feeble-minded of the State and employing them upon 1,000 acres of land he can make them self-supporting. The experiment is to be tried, but has not yet had time to show its results. A similar experiment is applied in the Australian colonies to drunkards. In Holland there is a free labor colony where those are employed who have not the ability to maintain themselves in competitive employment. Holland seems to have made a mistake in permitting people of this character to settle permanently with families in her labor colony, and to multiply and produce incompetents. In New South Wales it is proposed that the labor colony be a temporary place, and that when a man has shown his competency there, he be promoted, as it were, to a homestead on government land. It is proposed that he be provided with a cow and a horse, perhaps, and that a certain amount of capital be lent him by the government at 4 per cent interest, and that he be taxed merely on his land value and not on his improvements.

Professor Commons would wish to get rid altogether of the penal idea in connection with such institutions. A court committee would be necessary, but it should not be regarded as a penal procedure. A distinction should be made between compulsory work and penal work. Our present method of commitment to jails and so-called workhouses simply hatches criminals. (37-40.)

Professor Commons says that the idea of the shorter day as a remedy for unemployment is based on the theory of underconsumption; namely, that the producers of commodities have not enough earnings to buy all that they produce. It is held that in order to remedy unemployment we must give a greater consuming power to the masses of the people. The working people simply live from hand to mouth and consume what they get. The wealthy classes, with their large incomes, do not in fact consume all that comes to them. They therefore invest a large part of their incomes in productive enterprises. They add to the productive capacity more than the market will stand. In the end more goods are produced than there is a market for, and collapse necessarily comes. If the working people, who consume all they get, had a larger purchasing power, the consuming power of society as a whole would be greater, and its producing power would be less; so the phenomenon of congestion would not appear.

Professor Commons does not think that shortening of the hours of labor is a remedy. If a man can produce as much in 8 hours as in 10, as is said to be the case in some industries, it is evident that the 8-hour day will not increase the demand for workers. If the production of each individual is diminished with the shortening of hours, and wages are diminished in the same proportion, there will be a demand for more workers, but the aggregate wage payments to the greater number will be no more than was formerly paid to the less, and the consuming power of the wage workers will not be increased. Finally, if individual production is diminished and daily wages are not diminished the cost of production will be increased, "and an increased cost of production means that the

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purchasers will purchase a smaller quantity of the product—there will be less sales, and consequently the unemployment would not be remedied in that way."

The most thorough experiment that has been made with the 8-hour basis has been made in Australia. It has not abolished unemployment there. There is as much in Australia as here. (36.)

Professor Commons says that under any system of public work in this country, workmen are certain to get the idea that they can appeal over the heads of the foremen to somebody. They will appeal to the alderman or the political boss. This is the strength of the ordinary political machine. Colonel Waring invented a means of abolishing this trouble in the street-sweeping department of New York. He organized a board of representatives of the street sweepers, elected by the men and including no representative of the commissioner himself. When a complaint was made against a foreman it was considered by this board. Two-thirds of the complaints were dismissed by these representatives of the men without going any further. When this board thought a complaint well-founded, the matter was carried up to a board composed of 5 members elected by the representative board and 5 members appointed by Colonel Waring from the superintendent's staff. These 10 men considered the appeal. They settled every case that was brought before them except one. Just one appeal was taken to Colonel Waring himself, and he decided that in favor of the man. (42.)

Professor Commons thinks that if relief for unemployment is to be found through public work, the work must not be done through contractors. When a million dollars was recently distributed in Porto Rico for this purpose, the work was done through contractors. The contractors cut the wages, and compelled the men to buy from company stores, and the expected benefit did not appear. In Great Britain it was found that army clothing was being made by contractors in sweat shops, at very low pay. The Government introduced a clause requiring that in all public contracts the prevailing rate of wages be paid. In London the difficulty of enforcing this clause has led to the doing of municipal work largely by the municipality directly. A special advantage of this method is that it is possible to increase the activity of work in the winter when private employment is slack. The Boston water-works department has adopted this policy. It bought steam machines for thawing out the ground so that water pipes could be laid in the winter. It reported 3 years ago that, taking into consideration the way in which the whole staff could be readjusted and organized, it was found that this method did not involve any additional cost. (41-42.)

Professor Commons thinks that the great difficulty in our State charities and penal institutions has been the contest between the two political parties to get possession of the offices. This trouble has been met by the institution of a non-partisan board, unsalaried, having an equal number of members from each party, and having no offices to distribute. Such boards are peculiar to this country, and are the outgrowth of our governmental conditions. The first was established in New York in 1862. It has been found possible to get on these boards men who have a genuine interest in the reform of the prisons and the charities. Practically all the progress that has been made in this country in improving our State charities and prisons has been due to these boards. The board meets perhaps once a month, and remains in session for 2 or 3 days. It appoints a secretary, who is a salaried official, and who is or becomes an expert on the questions with which the board has to deal. When questions of legislation regarding State prisons or charities come up the members of the board and its secretary are called upon, as a matter of course, for expert advice. (32, 33.)

(b) *Public work.*—Mr. Woods considers that for the unemployed who are not in any way delinquent some sort of public work should be provided which should carry no stigma with it. The opportunity to earn an honest living ought to be given to every man without placing upon him the disgrace of being a pauper. (201.)

Bishop POTTER thinks that it may possibly be worth while in certain emergencies to give people State assistance in finding work, as in transporting them long distances; but, "on the whole, when the State goes into that business it interferes in a way with the freedom of action of individuals." He is not sanguine as to the desirability of State legislation dealing with unemployment. (11.)

(c) *Labor gazettes.*—Professor Commons suggests that labor gazettes or monthly publications, describing briefly the state of employment in the different localities and the rates paid, are important helps against unemployment. The best gazette of this kind in the world is published in New Zealand. There are such publications, however, in France, in Belgium, and in England. There are none in this country. The labor unions do something in disseminating such information for the benefit of their members. (41.)

(d) *Proposed method of dealing with tramps.*—Mr. Woods, of the South End

House, Boston, thinks that if every town of more than 5,000 people were compelled by State regulation to provide a suitable work test for tramps, their roving would be put an end to. This system has been tried in a large number of towns in Massachusetts with great success; these towns are avoided by the tramps. (200.)

(e) *Labor colonies.*—Mr. WILLOUGHBY says that the labor colonies of Germany were started under private auspices, though he believes that they now receive contributions from the local authorities, and possibly from the State. They reach only the permanently incapable. A large proportion of the inmates have been convicted of crime. Over half have been in the colonies before, and many have been there repeatedly. The main function of the colony seems to be to segregate the hopelessly inefficient persons who would have to be taken care of, perhaps in jails or poorhouses, if they were not taken care of there. Very few are permanently reformed to such an extent that they can be restored to society and become independent workers again.

The Dutch colonies are quite different from the German. They are more select and appeal more to the family man than to the single man. The purpose of them is permanent reformation. Their system is very expensive, and even if it is successful it counts for very little, because the funds allow them to help only a few families each year.

The Australian States have had considerable success in organizing labor colonies, but that is because they have had large tracts of waste land which have required a large amount of ordinary manual labor. In the older communities, it is hard to make use of great amounts of such labor. (177.)

E. Effect of machinery on labor.—1. *Effect on employment.*—Mr. JOHN GRAHAM BROOKS, president of the National Consumers' League, believes that machinery sets more people to work than it throws out. Yet if it is introduced under conditions which the labor organizations have no voice in determining, the laborers feel helpless to secure their share of advantage and their organizations are weakened or destroyed. This has been the effect of the lasting machine and other important machines in the shoe industry in New England. (140, 141.)

2. *Effect on wages.*—Mr. McDERMOTT, editor of the *Boot and Shoe Recorder*, says that the development of labor-saving appliances has tended to increase wages. In the United States, where there is the greatest development of machinery, the highest rate of wages is paid, and wherever there is development of machinery and labor-saving appliances there is a corresponding development in wages. The introduction of machinery, therefore, has been an advantage to labor, and the laboring men are now themselves beginning to recognize this fact. (502, 505.)

Mr. Fox, president of the Iron Molders' Union, says that until within the last 10 years, or possibly 5 years, labor-saving machinery was not a serious factor in the foundry, but recently the molding machine has undergone a wonderful development. Molding machines are of various kinds; some for packing the sand in the mold and some for drawing patterns. In all cases they are improved appliances rather than machines. The removal of the pattern from the sand is a part of the process of molding which requires the highest skill, especially in the case of the smaller castings, as the surface of the mold may be disturbed by the slightest swerving. The stripping-plate machines greatly simplify this operation and supplant the skill of the molder. All the machines greatly increase the quickness of the operation. The application of the machines is confined to the smaller castings of which many duplicates are to be made. Mr. Fox is not prepared to say that the machine has actually displaced any men, in the sense of reducing the number of molders. Increased demand seems to have prevented that. The real trouble is the wage question. Foundrymen seem to prefer to teach unskilled laborers to operate machines instead of employing molders. Unskilled labor, being accustomed to work for less than the mechanic, will operate the machines for less. The union does not oppose the machines; it only asks that its members be employed on them and that wages be maintained. It advises its members to promote the development of the machine, and to bring out its best possibilities when they have a chance to operate it. Employers have feared that the union would try to restrict the output of machine molders, but this is not the union's policy. (148-150.)

F. Rates of wages.—1. *Wages of unskilled labor.*—Mr. WYCKOFF testifies that the first job which he obtained in his experiment of earning his living as an unskilled laborer was on the tearing down of the old academy building at West Point. Here he received \$1.60 a day. His next employment was that of a hotel porter in the Highlands in eastern New York, where he received \$8 a month and his board and lodging, for work which often extended to 16 hours a day. Soon after he got work in a logging camp in Pennsylvania at 75 cents a day and his keep. In Chicago, as a hand truckman in a factory, he received \$1.50 a day. On farms

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west of Chicago he was offered quite uniformly \$20 a month and everything found, even including washing, as a regular rate from the 1st of April until the end of November, with the alternative in the haying season of a daily wage of \$1 and everything found. If he had had any skill at the work he could easily have got \$2.50 a day during the harvest season. Many men were getting \$3. The harvest lasts only a few weeks, however. At Council Bluffs Mr. Wyckoff got a job in a livery stable at \$20 a month and his board. He had the option of receiving \$30 and finding his own board. About 200 miles west of Omaha he got work with a gang of navvies on the Union Pacific Railway at \$1.25 a day. At Creede, Colo., he got the highest pay he ever received as an unskilled laborer, \$3.50 a day. This was on road making. (188, 184, 187-189.)

2. *Average wages in Missouri.*—Mr. RIXEY, commissioner of labor statistics, Missouri, presents a table from his annual report, giving the average daily wages of skilled and unskilled labor, as determined in 40 occupations in Missouri. The average of all, as given in the table, is, for males skilled, \$2.35 a day; unskilled, \$1.28; for females, skilled, \$1.32; unskilled, 78 cents. Mr. Rixey believes that the average number of days of employment to which the average rates of wages refer is nearly the full number of working days in the year. He says that wages have shown in recent years a slightly upward tendency. The change is not great, however, while the prices of the necessities of life have noticeably risen. (73, 74, 77.)

3. *Economy of high wages.*—Mr. STEEL, a woolen manufacturer, thinks that the purchasing power of the people in this country, due to higher wages, is one of the great causes of the prosperity of the country. The consuming power of the common people in Europe is very limited. (239.)

4. *Wages and productivity.*—Mr. JUSTICE, a wool merchant of Philadelphia, is informed by Edward T. Steel & Co., who formerly had a mill in Bradford, England, and moved it to Bristol, Pa., that they pay \$10 a week to some of the same work people to whom in England they used to pay £1. The machinery was run as fast as it could be run in both places, and there has been practically no difference in the output. The only difference is that discipline can not be as well maintained in America. A spirit of independence arises which does not exist in England. On the whole, no better results are obtained from the same labor, with better food, better housing, and better wages. (780.)

5. *Evils of low wages.*—Mr. WOODS, head of the South End House, Boston, says that while he has found that the instances in which women have been driven into sin by want are comparatively rare, yet where large numbers of women receive \$5 or less per week and have to pay \$4 for board and lodging, it is easy to see how strong the temptation to prostitution is. While prostitution is often due to other causes, it is also true that it exists because it is impossible to hold human beings to the hard limits of a bare subsistence. (200.)

6. *Wage system of J. H. Williams & Co.*—Mr. WILLIAM C. REDFIELD, treasurer of J. H. Williams & Co., manufacturers of drop forgings, says that that company, as a rule, advances wages voluntarily. There has never been a general demand for an increase of wages by the employees, and none of the workmen have ever had their wages reduced. The foreman is always on the lookout to raise wages whenever one of the workmen by superior efficiency and economy earns an advance. The rates paid for piecework have never been reduced by the company. It is believed that when by the piecework system a man through skill and energy increases his earnings, he should receive the increase, because the employer economizes on fuel, interest, and other important items. In an industry such as that of manufacturing forgings repairs are a large item, and a well-paid man so cares for his machine as to minimize the need for repairs, because he loses by the time taken for such repairs. Men on piecework who are well paid willingly replace in their own time work which has been spoiled through their fault, and pay at cost for the material and fuel used. If the company puts in improved machinery, it makes no change in the piecework rate, but the workman gets the advantage of the increased output made possible by means of the new machinery.

When men are paid wages according to the time system they do not get any direct advantage through the putting in of improved machinery; yet, as a broad fact, it is true that as machinery and product improve, wages rise and the cost of production decreases. (659, 662, 663, 666.)

G. *Methods of paying wages.*—1. *Time of payment.*—Mr. HARRAH, president of the Midvale Steel Company, says that he has found it best to pay his men every week and to pay in cash. If payment is made in checks the storekeeper who discounts the checks is certain to make something out of it, and if payment is made once in two weeks or once a month hardships may be caused to some of the men. (851.)

Mr. IRA DIMOCK, president of the Nonotuck Silk Company, says that that company has paid wages weekly since 1886. The weekly payment of wages is required by the Massachusetts law. The system is a benefit to employees, as it enables them to pay cash for what they get, and they are not compelled to run up bills. (894.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association, of Fall River, says that the weekly payment law in Massachusetts gives perfect satisfaction. The weekly payment of wages gives operatives an opportunity to purchase where they feel disposed. The system has done away with a good deal of the giving of credit. (575.)

Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, says the weekly payment of wages is a great benefit to the wage-earners, as it enables them to buy most advantageously. (568.)

2. *Company stores.*—Mr. HARRAH says that his company has no stores and no dwellings for the men. He does not think it good policy to go into such enterprises. There is a tendency to force men to deal at the company store and to live in the company tenement. This is not fair to the men; and if a man is compelled to do what he does not want to do, even if it is for his benefit, it makes him dissatisfied and leads to trouble. (351.)

Mr. WHITEHEAD says that he does not know of any company stores in Fall River. In some of the mills, operatives can go to the mill office and get a note, make purchases at certain stores, have the purchases charged and the amount taken out of their wages. There is nothing compulsory about this, however. (576.)

II. Hours of labor.—1. *Duration dependent on occupation.*—Bishop POTTER does not consider that any hard and fast general rule for the hours of labor of all workers can be fixed. The character of the work must be taken into account. In the case of railroad engineers, he finds that the men themselves have a very definite conception of the length of time during which a man can stand in front of a throttle valve and run an express train. Where work is of an artistic quality, he believes that the mental power becomes so far weakened after a certain time that the excellence of the work suffers, and that on this account the employer will gain by exacting only moderate hours of labor. When he acted as arbitrator in the strike of lithographers in 1896, it was largely on this ground that he fixed the 7 hours at 47½ a week. The argument that if some establishments in a trade are compelled to shorten their hours their competitors will have an unfair advantage, is not conclusive. "You must make a beginning somewhere. It must impinge upon somebody, and the hope is that you can pull up the whole line to a higher standard." (10, 11.)

2. *Eight-hour day.*—Mr. STEINBISS, general secretary-treasurer of the National Building Trades Council, gives the result of some inquiries as to the extent to which men in the building trades work over 8 hours a day. The details which he gives, relating to the cities in which local building trades councils exist and are affiliated with the National Building Trades Council, indicate that the great majority of the workers belonging to these councils do not work more than 8 hours. In some cases hours are longer for shop work than for outside work in the same trade. Mr. Steinbiss suggests that this is because workmen outside the building trades are employed in the same shops and are less advanced than the building trades workmen, while the 8-hour law can not well be enforced for some without being enforced for all. So far as physical conditions are concerned, shop work is quite as trying as outside work, and perhaps more so in some trades. The building trades have succeeded better than most others in cutting down the hours of labor, and the reason is that in the building trades only a few men are employed by each contractor, while the factories are controlled by companies, which are harder to influence. The example of the building trades is having an effect, however, on other workers. (17.)

Mr. Steinbiss says that the shortening of hours in the building trades necessarily makes the erection of buildings somewhat more expensive, but he does not think that it diminishes construction. As the hours of workmen decrease and their wages increase, they themselves have more to spend in building. (17.)

Mr. SINGER, president of the Central Convention of Shoe Workers of Philadelphia, says that this organization has not made any efforts to secure the 8-hour day. He believes, however, with many others that it would be far better for all if the 8-hour day were obtained. He has heard such expressions from many of his fellow-workmen and more from pieceworkers (who are in the majority among his fellows) than from day workers. The earnings of the pieceworkers would be reduced, but he has heard them say that they would be satisfied to have shorter hours and let those have work who are unemployed. (382.)

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3. *Effect of shorter workday on production.*—Mr. REDFIELD says that on January 2 last, J. H. Williams & Co., after consultation with the leading workmen, reduced the hours of labor from 10 hours a day to 9 hours a day, and at the same time paid for the 9 hours the wages previously paid for 10 hours. The experience of the company thus far has shown that the 9-hour day is profitable, for there has been a slightly larger average output for the 9-hour day than there was for the 10-hour day, though in every other respect work has been done under similar conditions. In the grinding department, where the severest test would come, the output under the 9-hour day has come within 1 per cent of the output under the 10-hour day. This has not been due, either, to the fact that methods were lax previously, for there was rigid supervision under the 10-hour system. A part of the gain has undoubtedly been made by reason of the fact that under the 9-hour system the men go promptly to work on the minute and work close up to the close of the day. It is true, however, that a man can work normally at a higher rate of speed without pushing himself for 9 hours than he can for 10 hours. The fundamental reason for the keeping up of the amount of production is to be found in the spirit of the men themselves. It is, of course, true that if a machine were speeded up to the highest point, were kept in absolute condition, and were continuously fed, a workman could not keep his output up to the same amount if the hours of labor were shortened, but these perfect conditions are rarely, if ever, found. It can not be demonstrated mathematically just how it happens that a man produces as much in 9 hours as he formerly produced in 10 hours, but, as a matter of fact, it has been the experience of almost every manufacturer that a man can and will and does do more the moment he is justly and fairly and liberally treated. The business done by J. H. Williams & Co. involves the use of a great many different kinds of machines, and the experience of the company has been such that it is entirely satisfied with the situation which has developed from the shortening of hours and considers that no loss has resulted. This feeling is shared by at least one other large establishment in the city of Brooklyn, an establishment employed in the building of hoisting engines. (659, 663, 664, 665, 666.)

Mr. FRANK W. CHENEY, treasurer of Cheney Brothers, silk manufacturers, says that it might be possible in some departments to turn out as much work in a 9-hour day as in a 10-hour day. That would not be true, however, in departments where machinery comes in as a heavy element. A machine runs straight ahead, and the more minutes it runs in a day the more work it turns off. In industries where work is paid for by the piecework system, as is the case in the manufacture of drop forgings, the workmen would be anxious to get out as much as possible. Where workmen were paid by the day, however, they would have no particular incentive to hurry. (733.)

Mr. STEINBISS does not believe that a man can accomplish as much in 8 hours as in 10. "If that were the case our object would fail. The object in introducing the 8-hour workday, and lately the Saturday half holiday, is to give the unemployed work." A further object is to insure sufficient rest and recreation to workers. (16.)

Mr. WHITEHEAD says that the shortening of the hours of labor would not necessarily mean that there would be smaller production. It has been demonstrated beyond question that a man working 8 hours a day will accomplish as much in the year as he would working 10 hours a day. (577.)

4. *Hours of labor for women.*—Mr. LINCOLN GODFREY, president of the Eddystone Manufacturing Company, says that under the laws of Pennsylvania women and minors are treated alike as to the hours of labor, and the law provides that they can not work more than 12 hours in any one day or 60 hours in any one week. Many of the women would like to work overtime, and there is not any reason why a grown woman should not be permitted to use her own judgment as to the number of hours she wants to work, the same as a grown man. The women could correct abuses just the same as the men can. (481.)

Mr. WHITEHEAD says that he believes that the hours of labor are too long for both women and minors. If possible, there ought to be a national law enacted shortening the hours of labor for women and children. It would not necessarily follow that if the hours of labor of women and children were reduced the hours of labor would be reduced for men too. (577, 578.)

5. *Hours of labor in Europe.*—Mr. JUSTICE, a wool merchant of Philadelphia, speaks, from information received, of 12 and 14 hours of work a day in hosiery mills in Chemnitz, with work on Sunday up to 12 o'clock. In this country we work 10 hours a day, and never on Sunday. "In Germany they work longer hours than they do in England." Mr. Justice does not mention the English hours specifically. (884.)

III. SPECIAL LABOR PROBLEMS. LABOR LEGISLATION AND OTHER REMEDIES.

A. Labor legislation in general.—1. *Desirability of uniform laws.*—Mr. WOODS, head of the South End House, Boston, says that there is a good deal of feeling in Massachusetts that some national factory legislation is needed. Difficulty is found in bringing the Massachusetts legislation to the level which should be reached in an enlightened modern community, because certain other States are very slow about making beginnings in that direction. (201.)

Mr. ROBERT T. DAVIS, President of the Stafford, Wampanoag & Algonquin Print Mills, is in favor of a national labor law limiting the hours of labor in the different industries, and equalizing labor conditions in the different States. (591.)

Mr. SIMON B. CHASE, treasurer of the King Philip Cotton Mills, thinks that it would be very desirable if there could be national legislation in respect to hours of labor, sanitation, factory inspection, etc., so that there should be a uniform condition of things for manufacturers in different parts of the country. (563.)

Mr. PIERCE, president of the New England Cotton Yarn Company, says that it would be an advantage if there could be a national labor law, so that competition would be more nearly uniform. (545.)

Mr. CHARLES H. McDERMOTT, editor of the Boot and Shoe Recorder, says that the shoe manufacturers of Massachusetts would like very much to see the substance of the laws of Massachusetts concerning child labor, inspection, hours, and female labor enacted in other States where they have competitors. (504.)

Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, thinks that there should be a national labor law. The workmen in Massachusetts are handicapped in their efforts to get more favorable legislation in regard to hours of labor and other matters on account of the laws relating to such matters in other States. (569, 570.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that the hours of labor ought to be the same throughout the country, and that he would like to see a national working day of 9 hours. The mill operatives in the Southern States are at the present time much interested in bringing the hours of labor down nearer to what they are in other States. (578.)

Mr. JAMES TANSEY, secretary of the Carders' Association of Fall River, says that uniformity in industrial legislation throughout the country is very desirable. The hours of labor ought to be uniform and shorter. Shorter hours of labor would mean lesser production, and would have a tendency to advance prices and wages. (580.)

Mr. JOSEPH G. JACKSON, secretary of the Slasher Tenders' Union of Fall River, believes there should be national legislation in respect to labor, and that there should be both national and State inspectors appointed. (585, 589.)

2. *Prohibition of night work.*—Mr. T. O'DONNELL, says that recently some of the mills in Fall River began to run nights with a second set of help. The Mule Spinners' Association is opposed to night work on principle, and has been trying for several years to get legislation preventing night work on the part of women and minors. (570.)

3. *Wage law in New York.*—Mr. WILLIAM J. O'BRIEN, of the Granite Cutters' National Union, says that there is a law in the State of New York providing that State and municipal corporations, and contractors or subcontractors employed by them, shall pay to their workmen the prevailing rate of wages paid in the locality where the work is performed. This law prevents a man from importing cheap labor, and has proved to be very effective. There has been trouble in Chicago over the wages paid to workmen employed in constructing the Chicago post-office. If there had been a law similar to the one in force in New York, the contractor would have been compelled to make proper terms. The matter has now been settled, but there was not much progress made on the building until the settlement was reached. (434, 439.)

Mr. LEO, president of the Builders' League of New York, speaks of the prevailing rate of wages law, passed in New York in 1898, as "the worst sample of law, passed largely by the labor lobby." It enables men employed by municipalities to claim extra pay for any extra time they may have worked in the past, during the full term of their employment. He believes that suits have been entered under it for over \$3,000,000, and that the corporation counsel of New York City has confessed judgment for large amounts. (101, 103.)

4. *Influences securing labor legislation.*—Mr. LEO, asserts, as of his own knowledge, that the Central Federation of Labor of New York City has maintained a lobby of 8 or 10 men at Albany through the whole session of the legislature, either at its expense or at the expense of the several affiliated organizations. The policy

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of the unions has been to make a blacklist of men who are alleged to have opposed their measures. They put on this list every man who refuses to accept their propositions in full, without modification. The Federation has in some cases admitted that it has been unfair in denouncing men for offering certain amendments, though they were in sympathy with the desires of the unions. (102, 103.)

Mr. LAWSON, vice-president of the Builders' League, of New York, complains of the injurious activity of the labor organizations in promoting legislation. The Builders' League has had to send representatives to Albany every winter for years to try to beat bad bills and get good ones passed. He would be glad, and he is sure his organization would be glad, to confer with the labor organizations in advance with regard to proposed legislation. The labor legislation which is introduced is often ridiculously unfair, and the promoters of it can sometimes be led to see the wrong of it when the case is fairly presented to them. Yet he does not think the agreement for preliminary conference could be brought about. If the employers proposed it, the workmen would think they were seeking an advantage. (104-106.)

Mr. HARDING, a building contractor, says that when he has had occasion to speak with members of the legislature about pending bills, he has always found a great fear of the labor element. The labor organizations print a black list of public men who have acted contrary to their wishes, and circulate it among their members. The fear of getting on this list exercises a powerful influence on legislators. (107, 108.)

Mr. Harding says that the Builders' League has a committee to watch proposed legislation at Albany, and there is also a legislative committee supported by the Building Trades' Club, the Masons and Builders' Association, the Master Carpenters' Association, the Master Plumbers, and the Master Steam-Fitters. The two committees often cooperate. They do not have representatives constantly at Albany, but they have copies of all bills sent to them, and send committees to Albany when it seems necessary to act with regard to any measure that has been introduced. (107.)

B. Bureau of statistics of labor.—Mr. RIXEY, commissioner of labor statistics of Missouri, says that the duties of his office include the gathering and furnishing of information with regard to all the mechanical, agricultural, mineral, educational, labor, and other interests of the State. He also has the supervision of the inspection of sweatshops and manufactories; and the two State free employment bureaus are in his charge. He is permitted to expend \$24,000 a year in addition to his own salary of \$2,000. He employs 6 or 8 people in all. (61, 75.)

C. Labor councils.—Professor COMMONS thinks that labor councils, somewhat after the pattern of our State boards of charities and corrections, might well be established in the different States and also under the General Government. Such boards exist in several European countries. The object of them is not the equal representation of two political parties, as in our State boards of charities, but the equal representation of capitalists and laborers. The French board, called the Superior Council of Labor, is composed of 16 members, elected by associations of capitalists, manufacturers, etc.; 16 representatives of the labor organizations, and 16 experts appointed by the Government. The council has existed since about 1891. Until 1899 all members were appointed by the minister of the interior. Belgium has a somewhat similar council, instituted about the same time as that of France. Austria has one which was established several years later.

Professor Commons remarks that our Department of Labor is often criticised because it does not undertake to draw conclusions from the voluminous materials which it collects. In his opinion this is beyond its province. The Commissioner of Labor is an administrative officer. A council like that of France, however, could take the material furnished by the Department of Labor and draw conclusions, and recommend legislation upon the basis of it. In France, when the question of the prevailing rate of wages on public contracts was brought before parliament, parliament referred it to the labor council. The labor council called on the department of labor for information as to the practices in other countries, and the resulting report is the most complete in existence up to the date of it—1897. The council recommended that in all public contracts a clause be inserted requiring that the prevailing rate of wages be paid, and about a year afterwards parliament adopted the recommendation. (83.)

Mr. WILLOUGHBY says that there has developed in Europe quite an elaborate system of labor councils, whose functions are different from those of arbitration boards. Their purpose is rather to furnish the employees with an organ for learning what public opinion is, and for exercising an influence upon public opinion. They are composed partly of employers and partly of employees. The government takes the opinion of these councils in regard to social matters, and the councils dis-

cuss them and report. The wage workers on the continent are not organized like those of Great Britain or of the United States, and the press does not give any such opportunity for developing or expressing public opinion. There is a field for such councils in those countries, therefore, which does not exist here. (176.)

D. Factory inspection. Existing conditions.—1. *Factory inspection in Massachusetts.*—Mr. IRA DIMOCK, president of the Nonotuck Silk Company, says that in Massachusetts there are State inspectors who visit factories from time to time to see that the laws in respect to the hours of labor are observed. The inspectors also note whether there is any dangerous machinery in use, whether the machinery is properly guarded, whether fire escapes are provided, etc. The restrictive laws as to hours of labor, etc., do not in any way interfere with the business of his company. On the whole, it is better that there should be such laws, though some of the requirements come pretty close to being an invasion of private rights. (695, 696.)

Mr. JAMES TANSEY, Secretary of the Carders Association of Fall River, says, that the factory laws in Massachusetts are quite well executed. There are some defects, however, in the laws themselves. (580.)

Mr. JOSEPH JACKSON, Secretary of the Slasher Tenders' Union of Fall River, says that the factory law in Massachusetts is defective in that, in order to prove a violation of the 58 hour law, it is necessary to have the employee testify. The inspector's evidence ought to be sufficient to secure conviction. (589.)

2. *Factory inspection in Missouri.*—Mr. RIXEY says that his State has no State factory inspectors. In 1892 the legislature passed a bill making it the duty of the city authorities of all cities of 5,000 population and over to appoint factory inspectors and provide for their compensation. St. Louis has, however, never complied with the law. In Kansas City the building inspector is also factory inspector. The State commissioner of labor statistics is the head of the factory inspection system, and the city inspectors are expected to report to him. The inspection is meant to cover sanitary conditions, and by a recent law it has been extended to bake shops. (61, 73.)

3. *Maintenance of sanitary conditions.*—Mr. REDFIELD says that bathrooms have been placed in each department of the shops of J. H. Williams & Co. Each bathroom contains lockers for the men in the department, has the best sanitary plumbing arrangements and a shower bath. For the purpose of exhausting emery dust from the grinding room, a hood is fitted over each wheel and connected with a tube passing through the floor into a large main, through which it runs to a powerful fan situated high up under the forge roof. This draws the dust inward and downward from the grinding wheels into a large receiver whose outlet projects beyond the forge roof. The floors of the forge shops are covered with iron plates so as to promote cleanliness. The shops are ventilated by means of placing individual chimneys for the hoods over each fire to remove gas and hot air, and by furnishing ample window space and a double line of overhead fan lights at the top of the building. In addition, clean fresh air is drawn in by powerful fans and distributed through the shops in such a way that it descends above every man's head through a flexible pipe which is under his control. In the summer months an abundant supply of cool and carefully filtered water is provided for the workers. The equipment of the works in regard to safety appliances is far beyond the requirement of the law, and employees are requested to point out to their respective foremen any defective or dangerous conditions existing in any machine or apparatus. Cuspidors are provided, and spitting on the floors or stairways is forbidden. Waste cans for both clean and oily waste are furnished, both for cleanliness and to avoid danger from fire. The machine shop floors are scrubbed weekly with hot water and soda. The works have been made attractive to the eye by the training of vines over the exterior of the buildings and by planting the yard with quick-growing vines and flowering plants.

The company has offered prizes open to all employees not on salary for suggestions for improved methods of management, and a number of valuable suggestions have been received and adopted. (657, 658, 659.)

4. *Precautions against fire.*—Mr. REDFIELD says that J. H. Williams & Co. has organized a fire brigade among its employees which, on trial, has proved most efficient. Thousands of dollars have been spent also on fire protective, restrictive, and extinguishing apparatus. The company has a water supply which is independent of the city water supply, the water being secured from wells in the factory yard. (658.)

Mr. FRANK W. CHENEY, treasurer of Cheney Brothers, says that mills are subject to rigid inspection by insurance companies. The mutual companies will not now insure the old fire traps that used to exist, and they require the concerns which they insure to take very elaborate precautions against fire. (735.)

5. *Bake shops. Inspection and conditions.*—Mrs. SYMONDS, labor editor of the Philadelphia Enquirer, says that when the Pennsylvania bake-shop-inspection law went into operation, she went around with the deputy inspectors on their visits to the bake shops. The conditions in bake shops run by immigrants of the same low class as those who carry on the sweated clothing industry were most repulsive. The floors and even the boards on which the dough was worked up were filthy. The toilet rooms opened directly from the places where the bread was baked and were indecibly vile. The factory inspectors gave orders for the cleaning of these places, and when the time for compliance had expired, Mrs. Symonds went the rounds of the shops again. The change was marvelous. But the biggest bakers in the city, men who ought to have followed the letter and the spirit of the law, fought it in the courts and succeeded in getting it declared unconstitutional. The factory inspectors still continue to make the rounds of the low-class shops, and Mrs. Symonds believes that, because the proprietors of them have not learned of the destruction of the law, the inspectors are still able to keep them up to a tolerable degree of cleanliness. (262, 263.)

E. *Child labor.*—Mr. DIMOCK says that the Massachusetts laws allow children above the age of 14 to work in mills, provided they furnish a certificate from the school superintendent that they attend night schools. This restriction applies until the children become 16 years of age. Mr. Dimock submits a copy of the Massachusetts law relating to the employment of children. (694, 698, 699.)

Mr. FRANKLIN ALLEN, secretary of the Silk Association of America, says that in New Jersey and in New York the laws regulating the employment of children are more strict than are the laws in Pennsylvania. This explains why so many more children are employed in the silk mills of Pennsylvania than in New Jersey or in New York. (Children are employed more largely in the throwing branch of the industry than in weaving, and are employed in large numbers in the sewing-silk branch. The States having the largest proportion of such output, therefore, will show a larger percentage of children employed. (680.)

Mrs. SYMONDS refers to the misstatements of the age of children which parents make in order to get permission under the factory laws for them to work in factories. She has seen the same thing among the breaker boys in the coal regions. It has been suggested that the parents be required to produce before the magistrate a record from the church in which the child was baptized, if a Christian, or the record of the child's admission to the primary school, which would give the age of the child at that time. Mrs. Symonds adds that the provision of the Pennsylvania law that a child must know how to read and write before he can be employed is often nullified by the laxness of the magistrate, who simply assumes that the child has learned. She suggests that the magistrate should make an actual test. (263.)

F. *Employers' liability. Workingmen's insurance.*—1. *Employers' liability for injuries to workmen.*—Mr. HOURWICH says that there has been a two-fold movement in this country in modification of the law of employers' liability. The courts, by construction, have carried the law further away from the sound principles of the common law; on the other hand, the legislatures of the several States which have taken up the question have tried to define the law so that all the advantages of the common law should be secured, and have also tried to add some new safeguards necessitated by the growth of industry.

One of the chief provisions of the common law was the requirement that the employer furnish proper tools. Under modern conditions the tool has become something very different from the tool of primitive industry. There may be defects which are not known to the ordinary journeyman, and which he may even see without fully understanding the danger; yet the prevailing theory of the law of New York is that if any defect of the machinery is known to the employee, he assumes the risk. If the workman who handles a machine gives notice to the employer or the superintendent that the machine requires repairs, the courts have held that he has thereby displayed knowledge of the defects, and as he has continued to operate the machine, he has assumed the risk of the employment. The practical inference is that as soon as a machine is out of repair, the workman must go to the employer and say, "You must repair that machine or I will leave your employment." In the ordinary course of industry this can not be expected. If a workman gives notice of any defect, no more ought to be required of him. The employer should be required to make the repairs or bear the results of his carelessness.

Another thing of great importance is the fellow-workman clause. The courts of New York have even held that a foreman and a general superintendent are fellow-workmen. In the case of a corporation every act of an employer is necessarily the act of an agent. Every agent is, strictly speaking, an employee, a

workman, of the corporation, and consequently a fellow-workman of the employee at the machine. Strictly speaking, the theory of the courts exempts a corporation from any liability for any injury to its employees.

"There is no employers' liability under any circumstances under the present laws of the State of New York, as construed by the courts; and I think that there is certainly a need of some law which should protect the employee to-day just as the common law protected him two or three hundred years ago. We have outgrown the conditions of the common law in the first place, but, in the second place, whatever beneficial features there were in the common law have been done away with by the interpretation of the courts."

A certain number of lives and limbs are inevitably lost under the operation of our modern industry. The danger is not of such a nature that it should be thrown on the shoulders of the individual. It is the industry of the country at large that consumes these lives and limbs, and the country at large should be made responsible for it. The ground might be covered by a national insurance law or by some similar provision.

It is the duty, however, of those who manage the industries of the country to obviate as far as possible the dangers incident to production. It is the duty of the employer to see that the machinery is in good repair. If there are two processes, one of which protects the life of the employee better than the other, it is the duty of the employer to adopt it, and not to follow a dangerous or injurious process because it is cheaper.

The law of Illinois has a provision which is preferable to a doctrine of contributory negligence. It is the theory of comparative negligence. When an accident occurs, if there was negligence on the part of the employee, and still greater negligence on the part of the employer, the defense of contributory negligence will not avail. This is no very radical departure from our actual law. It is in accordance with the principles that the courts follow when property is at stake. If a shipper sues a common carrier for loss of freight, the common carrier must prove that it was perfectly guiltless of any contributory negligence. The burden of proof is on the company. If there was any negligence on the part of the company, no matter how negligent the shipper may have been, the common carrier is liable. But if any employee sues the common carrier for damages for personal injury, the employee must prove that he was perfectly guiltless of contributory negligence. This is somewhat contradictory. (151, 165.)

Mr. BROOKS declares that there is no adequate way of dealing with the victims of modern industry which does not definitely throw the expense of accidents upon the industry itself, precisely as with insurance against fire. He has never seen a student who has thoroughly studied the subject who does not consider that the principle of the British legislation on the subject ought to be fully adopted. There are some large corporations, like Mr. Carnegie's, whose employees receive, in case of injury, the full measure of what should be done for them. Mr. Brooks believes that the largest corporations in general do better than smaller employers. But this is benevolence. It should be put on the basis of right. (138, 139.)

Mr. WILLOUGHBY says that the provisions of the common law fixing the liability of employers for injury to employees came into being when employees were in intimate relations with employers and when it was easy to determine responsibility for accident. It is largely unjust under modern conditions. Saying nothing about the greater ability of the employer to bear the financial burdens of accidents, there is no apparent reason in equity why the employee should bear the consequences of accidents due to fortuitous occurrences or to the acts of fellow-workmen. It is the industry that causes these accidents, and the industry, in the person of the employer, ought to bear the cost of them. They should constitute a normal item in the cost of the production, like the breaking of machinery or any other incidental loss or damage. (169.)

Mr. LEO, president of the Builders' League, New York City, condemns strongly the employers' liability law which passed the New York senate in 1900, but died in the assembly. He says that under it the liability of employers for injuries to workmen would have been unlimited as to the amount and unlimited by any consideration of the fault of fellow-workmen. The witness mentions an experience of his own in which he fortunately discovered the drunken condition of a stationary engineer who was running a hoisting machine on one of his buildings, and who was said by the bricklayers to have been drunk for several days. This man was a member of a hoisting engineers' union and had been assigned by the union to the job. Mr. Leo promptly discharged him and the union sent another man in his place; but, though Mr. Leo courteously informed the union of the character of the discharged man, the drunkard had another job within three days. Under existing conditions of labor organization the employer is not responsible for the putting of such men in positions where they endanger the lives of others. The union is

responsible for it. Yet, under the proposed law, the employer would be liable for any resulting damage, and no excuse on account of the character of the engineer could have been pleaded. Furthermore, the proposed law would allow no contract by which an employer could give extra pay for extra-hazardous work, with the understanding that the workman should assume the risks.

Mr. Leo believes that 60 per cent of the accidents are due to the fault of the men who are injured, and that almost all are the fault of the injured men or their fellow-employees. Men often take chances, even contrary to orders. For instance, they will build a scaffold of 1-inch boards when they are told to use 2-inch plank, and when plenty of 2-inch plank is furnished.

The employers of New York were willing to compromise on the Massachusetts law, which, among other things, limits the amount of damages to \$5,000; but the workmen would listen to no compromise. (97, 100, 101.)

2. *Workmen's compensation acts.*—Mr. WILLOUGHBY points out that the legal insurance of workmen against accident furnishes a very interesting example of the evolution of a social problem. The old common-law liability of the employer was substantially the same in Europe as in the United States. The employer was responsible only for accidents resulting directly from his fault or the fault of his agent, whose orders the injured person was bound to obey. It was necessary for the employee to establish the employer's fault by positive proof. Accidents may be divided according to responsibility into five classes: First, those due to the employer's fault, provable; second, to the employer's fault, not provable; third, to causes inherent in the industry; fourth, fellow-employees' fault, and fifth, the injured employee's fault. The injured employee had to bear all except the first.

The first demand for reform was for the inversion of proof—that is, throwing the burden of proof on the employer and making him liable unless he could show that the damage resulted from the employee's fault. It soon became evident that this would be a very slight measure of reform. A very large part, approximately half, of all accidents are due to what is called trade risk; that is, to the conditions of the industry, without fault in any person and without possibility of prevention. The second step, then, was the demand that the employer should be responsible not only for all accidents that he could not prove were not due to his fault, but also for all accidents due to trade risks. The next step was to secure compensation for the employee without a lawsuit. Measures were taken for fixing in advance the amount of indemnity that should be paid in each class of accidents, and also to simplify judicial procedure by providing for boards of arbitration in which representatives of the employer and of the employee could determine the amount of indemnity due in each particular case, subject to appeal to the courts.

Germany was the first to take radical action for workmen's compensation. In 1884 it passed a law making it compulsory upon employers to insure practically all their employees against accidents. The entire burden of this insurance must be borne by the employers. Austria passed a similar law in 1887. It differs from the German law in that one-tenth of the insurance premiums may be deducted from the employees' wages, but in practice this is seldom done. Norway adopted a similar system in 1894, Finland in 1895, and Denmark in 1898.

Great Britain passed her workmen's compensation act in 1897. It accepts the principle of trade risk and compulsory compensation, excepting only accidents due to the serious or willful misconduct of the injured person. It rejects, however, the German system of compulsory insurance. The employer is free to insure against risk or to bear it himself. The act makes special provision for the organization of insurance institutions by the employers. Acts following the English system were passed by France and Italy in 1898 and by Spain in 1900.

The principle of compulsory compensation by employers for all accidents to workmen (with the exception in England of those due to the serious and willful misconduct of the injured person) has been accepted by practically all European countries. The only industrial country which has not accepted it is Belgium. In Belgium bills with this object have repeatedly been before Parliament and have been indorsed by practically all parties. They have failed of passage only because the two houses could not agree on particular details of organization. All the more dangerous industries are already covered in some way or other by insurance schemes. On the State railways there is practically compulsory compensation and insurance, and the insurance of miners, whose industry is very important in Belgium, has been compulsory for many years. Moreover, many manufacturers have voluntarily insured employees against accident, and Belgium has a national institution for the insurance of workmen against accident, of which employers make use. A similar condition of things existed in France before the compulsory-compensation law was passed.

Practically all industrial employments, including agriculture, are regularly included in the scheme. As a matter of practical policy it was found necessary to

begin at first with particular industries where the risk of accident was especially great. After the plan was organized and working, it was extended to other lines. In England agricultural laborers were included only by a law passed in 1900. Domestic and commercial employees, salesmen, etc., are not yet included. They are somewhat outside the contemplation of the scheme. The idea is to insure workmen against trade accidents; that is, risks incident to their employment. If a workman is injured going to or from his work, or at any other time than while engaged in it, he receives no compensation. The trade risk or risk of accident to the employee is very slight in the case of salesmen and domestics.

The almost invariable system is to divide accidents into the following classes:

First. Those causing death.

Second. Those causing total permanent invalidity.

Third. Those causing partial permanent invalidity.

Fourth. Those causing temporary invalidity, whether partial or total.

All of the laws in regard to class 4 provide a minimum—that is, only accidents causing disability over a certain number of days, or a certain number of weeks. In the German system the minimum is rather high—14 weeks—but this is due to the fact that Germany also has a system of compulsory insurance against sickness, and these minor accidents are taken care of by the sick fund. The same is true of Austria. Where a system of sick insurance does not exist, the minimum is usually a few days.

The scale of benefits is then fixed in about this way: In case of death, either a lump sum or a pension, where an insurance system is also provided for the widow or orphan; and in case of permanent disability, whether partial or total, a pension is paid the injured person. In the case of total invalidity the pension usually amounts to as much as two-thirds of the average wages that the person was earning. In case the disability is partial it is proportionate to the extent of the disability, and it is at this point that the use of the arbitration boards come in. They have to determine whether the disability is total or whether partial, and the extent of the disability. There is a right of appeal from the arbitration boards to the courts.

The indemnities are always proportionate to the wages of the employees. The dues of the employer, where insurance is compulsory, are proportionate to the total amount he pays out in wages. Since the risks are very different in different employments arrangements are made to insure the bearing by each industry of its own risks. In Germany the employers in each separate industry organize a separate insurance institution. In Austria the insurance institutions are territorial, but the premiums required of each employer are based on a coefficient of risk in his industry, based on statistical data.

The principles of this law seem to be universally accepted on the Continent as wholesome. In Great Britain some employers feel that an unjust burden has been placed upon them. Yet the evidence seems to show that even in Great Britain the acts are well received upon the whole, and that public opinion in their favor is growing. The expense of litigation and of damage suits has been materially lessened. It was quite usual in Great Britain for employers to insure against their liability under the older laws, and the premiums that they now have to pay are not so very much heavier than those they paid before. Employers' liability insurance is increasing quite rapidly in this country, but it does not in any degree take the place of workmen's compensation acts, like those of Europe. It is insurance for the benefit of the employer, and not in any degree for the benefit of the employee. It simply protects the employer from the burden of litigation and of any judgment that may be obtained against him. The workman gets nothing unless he gets it by legal proceedings.

There is no clear proof that carelessness has or has not been increased by the certainty of compensation for injuries. The officials who manage the State insurance institutions say that it has not; but it is a matter of personal opinion.

Because of the great decrease of litigation and the attendant expense, the increase of burden upon the employers is perhaps less than might be expected. So far as there is an increase, the witness thinks that it becomes a part of the ordinary cost of production, and is ultimately thrown upon the consumer, like other costs, as a part of the selling price. This is just and right, for the cost of accidents is properly an incidental expense of industry. (169-175.)

Mr. Willoughby thinks that any of our States would do well to take the British workman's compensation act as a model on which to base a law. He also suggests that Congress might pass an act regarding the liability of railroads for accidents to their employees. Such a law would be of great importance in itself, and would furnish an example for the States to follow. (170.)

8. *Benefit funds and associations.*—Mr. HARRAH, president of the Midvale Steel Company, says that his company conducts a benefit fund to which every man in

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the works, high or low, is compelled to pay 5 cents a week. The fines collected from the men, amounting, Mr. Harrah supposes, to \$5,000 or \$6,000 a year, also go to the fund. The fund is managed by the men through trustees whom they elect. A veto power is lodged in the manager of the company. Sick benefits are not paid except in special cases, but accident benefits are paid, and a physician is employed to attend to accidental injuries. The physician comes every day and has, on an average, 42 cases to attend to. Between 800 and 900 men are hurt at the Midvale works every year.

There is a separate assessment of death dues when a man is killed by which the widow receives some \$1,500 or \$1,600 in cash. (352.)

Mr. REDFIELD says that the employees of J. H. Williams & Co. have a mutual aid society supported and managed by themselves, to which practically all the employees belong. The only thing that the company has to do with the matter is to contribute a certain amount to the benefit fund every year in cash, to guarantee the safe-keeping of the funds and to have one of the officers of the company serve without pay as the treasurer of the association. The members pay weekly dues and the association pays a weekly benefit to members who are ill, and also pays death benefits. It employs a physician under salary to attend sick members. (357, 364.)

4. *Pensions.*—Mr. HARRAH says that when one of his employees becomes incapacitated by old age or sickness the company pays him wages during his life, usually at the highest rate he has received in the employ of the company. The list now contains, Mr. Harrah thinks, 13 or 14 men. The men do not like to go on the pension list; they consider it a disgrace. The company gives the old men light jobs, like gate tending, so far as they are able to attend to them. The knowledge that they will be looked after in old age makes the men reluctant to leave the employ of the company. (351, 352.)

G. *Convict labor.*—1. *Indiana law.*—Mr. McCORMACK, labor commissioner of Indiana, says that the legislature of 1898 passed a law looking to the abolition of the contract system of convict labor in that State. It is intended to substitute the State account system. The number of men allowed to any one contractor has already been restricted to 100. The kinds of industries that may be carried on in the penitentiary have also been restricted. A piece of land has been bought outside the prison, and it is proposed to employ a considerable number of the trusty convicts in working it. The prison will be supplied with vegetables, and the surplus can either be sold or sent to other State institutions. It is intended also to eliminate machinery as much as possible in the prison. It is believed that if the prisoners are confined to hand work, their position when they leave the prison will be better—they will have learned trades. (60, 61.)

2. *Interstate sale of goods.*—Mr. Fox, president of the Iron Molders' Union, feels that the competition of prison-made goods with goods made outside ought to be stopped, and in particular, that the more progressive States which have undertaken to stop it ought to be protected by national legislation prohibiting interstate commerce in convict-made goods. His own trade feels the competition of prison labor severely in some branches. The cast-iron hollow-ware trade is practically turned over to the prison factories, except in the high grades of ground hollow ware. Hollow ware is cast in the prisons of Pennsylvania, Illinois, and Ohio. The stove-plate branch has also suffered in the cheaper grades, but not so much. (147, 148.)

Mr. WILLIAM J. O'BRIEN, of the Granite Cutters' National Union, says that the law in the State of New York provides that the products of convict labor shall not be put on the open market, but must be utilized by the political subdivisions of the State. The convicts can not be farmed out or hired out to anybody. The products of convict labor from other States, however, can come into New York, and there ought to be a law providing that such goods be branded as convict goods. The legislature of New York passed such a law, but on a test case the law did not stand. (436, 437.)

H. *Free employment agencies.*—Mr. RIXEY, commissioner of labor statistics of Missouri, states that the last legislature passed a bill for the establishment of State free employment bureaus in cities of 100,000 inhabitants or over. Only Kansas City and St. Louis have heretofore come under the terms of the law. Employment bureaus have been established in these cities, each with a superintendent and a clerk. Mr. Rixey regards them as of the very highest importance to the welfare of the State. During the summer of 1900 the bureau at Kansas City sent 1,700 men to the harvest fields of Kansas. So these employment agencies may help to correct the unfortunate tendency of the people to crowd into the cities, as well as find employment for those out of work. Private employment agencies are inefficient, and in many cases fraudulent. (61, 75, 76.)

Professor COMMONS says that in New York City there is one State employment

bureau, three in Ohio, and one or more in Illinois. So far as he has observed them, they are inefficient, mainly because they are treated as political appointments. The difficulty is that the man in charge is not acquainted with employers in the neighborhood and does not know who want employees. Even in the absence of politics it will not generally be possible to get for an ordinary salary a superintendent who will have connections with employers. (89.)

Professor Commons says that he understands in Seattle there is a labor bureau in charge of an unsalaried board of business men. They appoint the agent who has active charge. He conducts the registrations and makes the acquaintance of employers. The oversight of the board of business men gives the bureau a prestige which it could scarcely get otherwise. (39.)

Professor Commons has found that the charitable associations which undertake to provide work and shelter and food for the unemployed are, so far as his experience has gone, very unsatisfactory. They are often imposed upon; they are not critical as to the worthiness of applicants. The man who takes an active part in the religious exercises is more apt to get work than one who does not. They usually degenerate into soup houses and indiscriminate relief. They encourage pauperism. The bottom of the trouble seems to be that men are put in charge who have made a record as good men in religious work, but who are not able to detect the frauds who come for relief. (39, 40.)

Bishop PORTER says: "My hope lies most in the individual. I am not a machine man. I do not believe in an institution of charity. An institution of charity is a mechanism which opens the door for personal contact, and I believe in the growth in the popular conscience of the community of a sense of personal responsibility and in the development of a capacity for service." (10.)

Mr. REYNOLDS, head worker of the University Settlement, New York, thinks that the New York State Employment Bureau amounts to very little. He has sent a few applicants to the office in order to test it, and he learns that it has practically become a woman's employment bureau, and the men need not apply. Mr. Reynolds believes that there is hardly anything for which greater need exists than an efficient labor bureau exchange. He would start a State employment bureau, largely as a bureau of information, requiring it to cooperate with all private bureaus, and then let it gradually and cautiously develop itself. (89, 95.)

Mr. Reynolds says that there have been a number of philanthropic employment agencies in our cities, and that many of them have failed. He believes that the reason is that they have omitted properly to classify their work. The unskilled labor rushes in, and the skilled labor and the clerical class shun the bureau because they feel that they would be lowered by connection with it. It is necessary to recognize the aristocratic feeling which exists among the workers, and which, to a certain extent, it is necessary for one in the upper grades to maintain if he is to have the respect of his employer and of his fellow-workers. There should be one bureau or one division for skilled labor, a second for mercantile labor, and a third for unskilled labor.

As to the private employment agencies run for profit, they are purely dishonest. They have a system by which they take a fee and send a man to a place where he is employed; he is kept for a week or two weeks and then discharged, and the next one comes in. Mr. Reynolds has known several such cases. (95.)

I. Cooperation and profit-sharing.—1. *Cooperation.*—Mr. NELSON, of the N. O. Nelson Manufacturing Company, gives details of the successful working of several cooperative enterprises in Great Britain and on the European Continent, including the cooperative wholesale and retail associations of England. He mentions, among successful cooperative stores in the United States, the Arlington, at Lawrence, Mass., and the Johnson County, at Olathe, Kans. He notes among the advantages of such cooperative stores that they sell only genuine goods, give honest weight and measure, and save for themselves the profits as well as the economies. The English associations pay 5 per cent interest on the share capital and set aside a portion as surplus, and then return dividends of from 10 to 15 per cent on the purchases. (359-361.)

Mr. WILLOUGHBY thinks that the ill-success of cooperation in the United States is due largely to the mobility of the workmen, to their habitual movement from establishment to establishment and from place to place. He mentions a development of cooperation which has taken place in Great Britain and France, in the taking of contracts for public work, as for the erection of a building or the plastering of it, by trade unions. In France the law provides that contracts shall be split up into such size that associations of workmen can bid on them, and also that such associations shall be exempt from the necessity of giving bonds, and from some other formalities which they are not in a position to meet. The building for social economy at the Paris Exposition was built entirely by associations

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of workmen on this cooperative plan. The regulations provide that associations of workmen may bid on all kinds of contracts for the performance of work or for the furnishing of supplies, either for the central government or for the departments and the communes. (178.)

2. *Profit sharing.*—Professor GILMAN declares that profit sharing has a great advantage over productive cooperation in that it pays due respect to the two great principles of modern society which must find a *modus vivendi*—democracy and aristocracy. Our continual labor troubles signify that the democratic spirit has invaded the industrial world. Universal suffrage and political democracy have suggested a false analogy between Government and industry. There is a feeling that the factory and the countingroom can be and should be conducted on republican principles. Industrial success, however, requires a practical recognition of the superiority of head over hand for the good of both. The railroad and the mill must be governed by the able few if they are to give the best service to the many. The profit-sharing system leaves this natural aristocracy undisturbed. (366.)

Professor Gilman says that comparatively numerous cases of profit sharing have occurred in the United States, but that in a large proportion of these instances nothing like a thorough trial of the system was made. In some cases, the advertising motive was prominent in the adoption of it; in others, there was a general feeling of good will on the part of the employer, but almost absolute ignorance as to what had already been done in the field. Hence, mistakes were committed which would have been saved by a slight knowledge of the experience of others. The hostile attitude of the trade unions has in other cases compelled the abandonment of the plan. "The firm which takes up profit sharing seriously should make up its mind to a patient trial of the new way for a term of years; it should be willing to learn from experience, and fully realize that education is necessary for both parties, that they may not cherish unreasonable expectations and may learn to live up to the moral demands of the new situation." (367, 368.)

Professor Gilman points out that a system of profit sharing is not a commercial partnership under which the workmen inspect the books at their pleasure and have a voice in the management of the business. It is an industrial partnership only. The purpose of it is to incite a feeling of community of interest in the mind of the working man. So far as gain to the employer is to be expected, it is to come by greater economy, carefulness, and zeal on the part of the employee. In bad years as in good, the employee in a true industrial partnership is a successful maker of profit when compared with the ordinary wage-earner, and so far as his own power and responsibility are concerned. If the workmen were given the right to examine the books at any time, if they had a powerful voice in shaping the business policy, there might be reason and equity in expecting them to share the money loss of a bad year, out of their wages. So long as this is not done, their responsibility must in reason and equity be measured by the power allowed them. They make equal contributions to the success of the business: in a good year and in a bad one. If the commercial management of the business is successful, they receive the bonus they have earned; if not, they lose it. It would not be wise or right to expect them under such a system of industrial partnership to lose more. (364, 365.)

Professor Gilman refers in some detail to the instances of profit sharing which have made a marked success in France and in America. He gives a list of the concerns in the United States where some form of sharing of profits with employees was known to be in existence in November, 1899. He also refers to several writings of his own in which the history of the principles of profit sharing have been fully discussed. (362-370.)

Mr. NELSON says that his company adopted the plan of profit sharing in 1886 and founded the village of Leclaire in 1890. The immediate occasion of adopting profit sharing was the great railroad strike on the Southwestern railroads in the early part of 1886. Mr. Nelson's attention had for some years been drawn to the waste of capital and wages which repeated strikes involved, as well as to the mutual enmity of classes which they stirred up. His attention had also been attracted to several great profit-sharing cooperative enterprises, particularly those of Leclaire & Co., at Paris, and Godin & Co., at Guise, France, whose financial arrangements Mr. Nelson concisely details.

By the Godin and Leclaire plans the net profits, after allowing 5 per cent interest on the capital and some amounts for other purposes, are divided between the shareholders and the workers in the form of a percentage on the amounts received as dividends and as wages. Mr. Nelson says that his business was to some extent a trading one, and its earnings were large, compared to the capital. It was thought that it would be sufficiently liberal to set the wages of the employees against the capital itself. It was accordingly determined that the net profits, after allowing a commercial rate of interest on the capital, should be divided by equal percentage on

the salaries and wages of all employees and on the net cash capital of the company. This plan was first announced to the employees in March, 1896, and was applied to all profits from the beginning of that year. The employees were asked to select an auditor from their own number to examine the books at the end of the fiscal year and certify that the dividend had been properly made. The proposal was unconditional. No agreement or stipulation on the part of the employees was asked, and the men were not requested to work harder. The system was not, as a matter of fact, instituted with a view of getting more work or making more profit, though Mr. Nelson believes that even if this had been the motive it would have been best to leave the matter to the judgment and fairness of the people themselves, and though he believes that the quality of work will in the long run unavoidably be affected by a feeling of joint interest in the profits of the concern.

In the first year of the plan, the profits of the company were somewhat small, largely on account of the great railroad strike. The dividend on wages was 5 per cent; in the following year it was 10 per cent, and up to 1895 it varied from 5 to 10 per cent per annum. The first 3 years the dividends were paid in cash, with the privilege of investing in shares of the company. The management felt, however, that an average increase of 8 per cent in wages would mean in most cases a rise in the scale of living, which would have to be forcibly reduced when there should be no dividends, or when the employee should have to work elsewhere. The main value of the money, it was thought, would lie in making provision for the future. When by the experience of 3 years it had been shown that the dividends really meant money, the dividends for the future were made payable in shares of the company. No trouble or criticism ever occurred, or has occurred up to the present time. (358, 359, 360.)

Mr. Nelson says that in the years immediately following the adoption of profit sharing by his company, many others throughout the country adopted the plan; but most of them discontinued it after two or three years' trial, on the ground that they observed no improvement in the quality and quantity of the work. Mr. Nelson declares that no one should adopt the system except on the ground that is right to recognize the workers' interest in the joint outcome of the work. He would not advise the adoption of it with a view to making an additional profit larger than the amount paid in dividends. He believes, however, that the quality of work must in the long run be affected by a sense of personal interest, though it is impossible to decide whether each employee does a little better or a little worse. (359.)

Mr. Nelson says that two conditions only are necessary to the successful establishment of the profit-sharing plan: That the plan of distribution shall be stated in advance, and not be left to the good will or caprice of the employer, and that no counter conditions be exacted. If left to the option of the employer, after the profits have been made, the dividend comes as a gift. If the offer is coupled with conditions, it is open to the objection that it interferes with the rights of the employees. (360.)

Mr. WILLOUGHBY thinks that the greater success of profit sharing in Europe than in the United States is explained partly by the less independent feeling of the European workmen, and partly by the more permanent and less mobile conditions there. In Europe a workman remains for years in an establishment and becomes identified with it. In the United States a man does not know whether he will be working in a given place six months from now or not. It is a question whether it is desirable to limit the mobility or independence of the laborer and his ability to move from place to place and seek his advantage wherever he can find it. (178.)

IV. EDUCATION. INDUSTRIAL TRAINING.

A. Economy of education.—Mr. WOODS calls attention to the estimate of Professor Marshall that something like one-half of the best natural genius which is born in England is born among the working classes, and that a great part of this is lost through lack of opportunity. Only about 5 per cent of American children, says Mr. Woods, continue their education beyond the grammar school: a large part of the genius of our people is in the other 95 per cent, and much of it is wasted through lack of opportunity. The grammar school ought to be widened in the direction of manual training; and it would seem that money could not be better invested, from a public point of view, than in providing scholarships which should make it possible for bright and promising boys and girls, children of poor parents, to carry their education to the high-school stage and beyond. (202.)

Mr. WYCKOFF, referring to his experiment as an unskilled laborer, states that he believes that he had an advantage, by reason of being an educated man, in possessing a broader horizon. He believes that one serious disability attaching to a workman, even if he is free to go about, is a disability which may be called lack

of imagination. He has been accustomed to one form of employment, and he shrinks from venturing into an unknown world. An educated man is more likely to be free from this handicap. On the other hand, Mr. Wyckoff found that employers generally suspected him of being an educated man and of having reached the position of an unskilled laborer through some discreditable cause, such as dissipation or dishonesty. The workmen themselves among whom he was thrown did not seem to suspect that he was a man of education; they appeared to think him some new sort of immigrant. The unskilled workmen in this country are so mixed a class that such an experiment as Mr. Wyckoff's can be carried out much more easily here than in a country where the laboring population is more homogeneous.

Mr. Wyckoff admits that he had a further advantage over the ordinary unskilled workman in that he had certain defined objects in view. He wanted to retain his work, and he wanted to see whether in each particular form of employment there were any chances of improvement of position. (185, 186.)

Professor COMMONS says that in 1897 the Association for Improving the Condition of the Poor made an investigation of the reason why the farming people of New York State flock to the cities. They found that 36 per cent of the children of farmers refused to stay on the farms. But in the section of the State around Cornell University no such condition of things existed. There, through the activity of the experiment station, the farmers have been educated in scientific agriculture, and agriculture has been made both interesting and profitable.

B. Public Schools.—1. *Defects in public-school system.*—Mr. REYNOLDS says that more than 55 per cent of the children must earn their livelihood with their hands, and that when they leave the public schools they are absolutely incapable of using their hands for any purpose whatever. In his work in the University Settlement, New York, many boys and girls are sent to him in the hope that he can get work for them. They come about the age of 14, when they leave the public schools. He asks them what they can do; the regular answer is "nothing." He asks what they want; they want to get into a store. (87, 88.)

2. *Technical education in the public schools.*—Mr. MILLER, principal of the School of Industrial Art, Philadelphia, does not believe in the introduction of professional studies into the common or high schools. He would not, for instance, approve of an attempt to give any special preparation for the work of his own school in the ordinary high schools. Aside from the waste of effort in trying to educate in a particular direction those who have no natural aptitude for it he believes that success in the industry depends on a cultivation of the general powers, which is given more effectively by a less direct method. For example, in textile work a great deal of calculating must be done; yet he believes a boy will get a better preparation for that in the high school by a more general course of mathematics, than if he were all the time occupied with textile calculations. He will go further in textile calculations at the end of his high-school course than if he took the textile calculations alone. His mind will be more developed and more active. In the same way, in designing, a student who tries to specialize, even in a school like Mr. Miller's, one who feels that he wishes to learn only about one kind of fabric, does not get as far at the end of the year, even in that particular line, as one who takes a regular course and develops his mind in a more general way. What is needed is mental attainment rather than specific information.

At the same time, Mr. Miller believes that the instruction now given in the public schools might be modified with advantage in an industrial direction, not as a matter of specialization, but by diminishing existing specialization in other directions. For instance, he finds text-books of arithmetic almost wholly occupied with mercantile problems, calculations of profits, and brokerage. He believes that an arithmetic written on proper lines would be largely occupied with calculations of speeds of machinery and with problems that would lead the student's mind to work in industrial directions quite as much as on purely mercantile problems. In connection with questions of this sort, teachers who are themselves informed regarding the different industries could give a great deal of information about industrial work and could give the right direction to minds that are industrially inclined. (225, 226.)

3. *Schools in New York City.*—Mr. BLAUSTEIN complains that there are not enough schools in New York City. In some cases there are half-day schools, where one set of children go in the morning and another in the afternoon. That leaves the children on the street the most of the time. The night schools also ought to be kept open throughout the whole year instead of only in the winter. (126.)

C. Industrial and technical Education.—1. *Advantages.*—Mr. HARRAH, president of the Midvale Steel Company, considers the development of manual training schools one of the most important things to which the attention of the country can be given. (353, 358.)

Mr. SIMEON B. CHASE, treasurer of the King Philip Cotton Mills, believes that the establishment of textile schools in this country will result in educating skilled workmen and in improving the quality, quantity, and economy of textile production. (580.)

Hon. WILLIAM W. CRAPO, president of the Wamsutta and Acushnet Mills, thinks that a very hopeful indication of our continued proficiency in the manufacture of textile goods is to be found in the establishment of textile schools. (586.)

Mr. JOHN HOPEWELL, a manufacturer of Boston, says that because of the very fine textile schools which there are in Germany, that country has made much more rapid advance in the manufacture of textiles and in all kinds of manufacture than has any other foreign country. The American people have begun to wake up to the importance of textile schools, and some have been established in this country. (527.)

Mr. LEAKE, a manufacturer of cotton and linen goods, says that the Philadelphia Textile School has been a benefit to those who have been wise enough to appreciate it. The importance of education in designing and in the manipulation of material and of machinery can not be overestimated. Yet the shops must keep ahead of the schools. The curriculum of the schools must follow actual practice. (276, 277.)

Mr. MILLER, principal of the School of Industrial Art, Philadelphia, thinks that industrial schools are not likely to be established in too great numbers. Conducted largely as evening classes, in places where they draw a clientele of operatives and workmen, there is no limit to their field. Indeed, wherever a community has a distinct industrial character of a given type, Mr. Miller thinks it the duty of the State to assist both the industry and the industrials by provisions for instruction which they can appreciate and apply; but the pupils of such schools will be mainly men who are actually engaged in the industry, and the main reliance must be placed on night schools, with the addition, when it is possible, of Sunday schools. Such institutions would not take up chemistry and dyeing, or carding and spinning, nor the general questions of designing, form, and color; they would be essentially weaving schools, like those abroad.

With regard to schools of the character of the School of Industrial Arts at Philadelphia, which give a highly specialized training, the establishment of them might easily be overdone. The number of those who can profitably apply such specialized training must remain comparatively limited. A few schools of this character are needed in the country, but a few strong ones would be better than many weak ones. (226, 229.)

2. *Philadelphia School of Industrial Art.*—Mr. MILLER, principal of the School of Industrial Art, Philadelphia, says that this school was established to perpetuate the lessons of the Centennial Exposition of 1876. A collection, as the nucleus of a museum was made at the exposition itself, and has grown by purchases, loans, gifts, and bequests until it forms a large and creditable collection of works of industrial art. The institution was incorporated as the Pennsylvania Museum and School of Industrial Art. The school itself was opened in 1877. It was at first a school of drawing only. Mr. Miller was invited to take charge of it in 1880. He was at first the only teacher. The number of students was small, but in a year or two Mr. Miller was able to show the men of Philadelphia to whom he appealed for a larger support the direction which he thought a school of industry ought to take. He heard that there was a purpose on foot among the manufacturers to establish a textile school. A fund of about \$28,000 had been raised for this purpose. Mr. Miller succeeded in having the textile school established as a department of the School of Industrial Art in the year 1884. The work of the art school had in the meantime been developing in the direction of industrial designing. A school of carving has been added. Modeling is taught with reference both to architectural ornamentation and to pottery. Designing is also taught in its application to surface decoration, as by printing on papers and textures of all kinds. Instruction in leather work, as applied to bookbinding, is given, though the purpose of this is to secure familiarity with the material and with design as applied to it, rather than to make bookbinders. The school now occupies a whole Philadelphia square, say 200 feet by 400 feet. Its building is four stories high, including the basement. It was supported up to 1887 entirely by private subscriptions. In that year an appropriation of \$10,000 was made by the legislature. This appropriation has been continued and increased until in recent years it has been \$20,000 or more. Ten thousand dollars a year is now contributed by the city of Philadelphia. The fees amount to some 17,000 a year, so that the annual resources of the school are between \$40,000 and \$50,000. An endowment fund of about \$100,000 has been accumulated. The tuition fees in the day classes of the art school are \$60 a year, and in the textile school \$150 a year. In the evening course in both schools the fees are nominal.

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The school appeals to two rather distinct classes of pupils, one in the day class and one in the evening class. The two sets are substantially equal in number. The evening classes are composed largely of working men and women actually engaged in the mills. They are mostly men of fairly good position in the mills, draughtsmen in offices, bosses in one department or another. The day classes in the textile school are composed almost exclusively of young men, and largely of young men of good families and education. Many of them are college men, some of them college graduates. The entrance requirements do not require college education, but the college men can avail themselves of the opportunities of the school more fully than anybody else and get more out of it. In the day class in the art schools the sexes are about equally divided, with possibly a slight preponderance of women. The entrance examination supposes graduation from a grammar school, but a large percentage of the pupils are considerably more advanced than that, many of them high school graduates. The appropriation from the city of Philadelphia is coupled with a provision for a certain number of free scholarships for pupils from the several grammar, high, and manual-training schools of the city. The grammar school students are chosen by competitive examination, and those from the high and manual-training schools are accepted on the recommendation of the faculty. The appropriation by the State of Pennsylvania is accompanied with a provision for one free scholarship for each county, and in the case of counties which have more than one State senator a scholarship for each senatorial district. The appointments to these scholarships are made by the governor without legal restriction, but largely in practice on the recommendation of legislators. Mr. Miller says that these, the persons received on appointments, often without any direct preparation for the work of the school, have on the whole been quite as satisfactory a class of students as those who have prepared in the city schools, and have obtained the scholarships by competitive examination or have been recommended by the faculties of the high schools.

The work throughout is intended to develop originality in the pupil as well as to give him a knowledge of historic styles and an acquaintance with materials and methods. Even in drawing from life in the art school the pupils are encouraged to make original compositions, based upon the posing of the model rather than simply to copy the model as a cast might be copied. In the posing itself the pupils are invited to assist. A considerable part of the instruction is given by persons who have achieved practical success in the industrial application of the arts of design; for instance, the advanced class in applied design is conducted by a woman who has for several years maintained a very successful factory for making stained glass windows. She was qualified for her work by instruction received in the school.

Students in the art school have a certain amount of instruction in the chemistry of pigments. There is also a school of modern languages in which French, German, and Spanish are taught, and an effort is made to have every student devote some hours each week to at least one of these languages.

A certain amount of the teaching is common to both the textile and the art school. Many scholars who come for the textile school work find that the instruction of the art school is really of greater value to them. It is not possible for the textile school student to avoid taking a good deal of the art school work.

In the textile school the finished fabric is the starting point of instruction. The pupil is taught to analyze it, both in a material sense, and with reference to effect. He learns to classify effects as well as materials and to vary them, much as he would vary effects in studying music. He learns themes and the treatment of them, and learns to make his own variations. The first year in the textile school is largely devoted to single cloths, hand weaving, and general design. The second year is devoted to double cloths, Jacquard, and dyeing. In the third year, the pupil perfects himself in some special branch, carpets or gauzes, or whatever line he expects to follow. The men who stay 3 years usually have such connections, family or other, as to enable them to see pretty clearly what their careers are likely to be, and they like to specialize with reference to that. The course of chemistry is very thorough so far as its application to textiles is concerned. Mr. Miller speaks of a man who graduated from one of the smaller colleges, took a special course of chemistry at Harvard, and then came to the textile school to specialize on textile chemistry. A part of the student's time is spent throughout in the designing room, or in making calculations for analysts and in performing experiments in the laboratory; and a part is spent in experiments on the loom, working at the principles he has acquired in the class room. He learns to adjust a loom to weave any piece of goods. He learns to detect flaws, to find out why the loom fails, and to remedy defects. When the loom works right and produces perfect goods, he is ready to cut out that piece and change the warp and make a new thing. The actual running of the loom forms no part of his work. The pur-

pose of the school is not to produce fabrics, but to teach men how to produce fabrics. The attempt is, of course, made to emphasize excellence and permanence in coloring and dyeing, but the school does not fail to face the necessities of competition. The whole of the textile work, including dyeing, is taught as in the presence of the commercial problem. Mr. Miller is afraid that in actual practice commercial considerations of cheapness, rather than considerations of excellence, nearly always determine the choice of methods. Changes in methods of dyeing which are exploited as improvements are too often, he fears, changes which reduce cost rather than secure permanency.

Mr. Miller thinks there is no class of fabrics on which mills are running in this country for which the work of the school is not a more or less adequate preparation, except lace curtains. (218-228.)

3. *New Bedford Textile School.*—Mr. CHRISTOPHER PARKINSON BROOKS, director of the New Bedford Textile School, says that the New Bedford Textile School was opened in October, 1899. The land was purchased and the building erected out of an appropriation of \$25,000 by the State and of \$25,000 by the city of New Bedford. The school has been equipped largely through donations from manufacturers of machinery, almost \$20,000 worth of machinery having been given. The course of instruction includes all branches of the manufacture of cotton cloth, from the raw material to the fabric, including designing, mechanical drawing, engineering, and subjects allied to it. The first year the school had nearly 300 students; the current year it has an enrollment of 301 students. The students are of two classes, day students and evening students. Probably 90 per cent of the evening students are workers in the mills, and altogether represent some 50 different occupations. The ages vary from 14 to 50. In the evening classes of elementary arithmetic and drawing are taught. Both sexes are admitted as pupils, but there are not more than 10 women in the school and they are in the drawing class. The tuition for day students is \$100 a year for residents of Massachusetts and \$150 a year for students outside the State. The tuition is fixed by statute. In the case of evening pupils a nominal charge of \$5 a year is made. Since the original appropriations the school has had an appropriation of \$18,000 from the State and one of \$7,000 from the city. It is hoped that these appropriations will be annual for some years.

Certain kinds of cotton fabrics, such as laces, embroideries, hosiery, etc., are imported into this country to the value of about \$40,000,000 per annum. It is hoped gradually to add to the departments in the school so that it will be possible to train the pupils to manufacture goods of this character. By the establishment of this school the manufacturers will ultimately be enabled to get skilled help, such as designers, overseers, and superintendents, without having to go abroad for them. The formation of large industrial combinations will call for an increased skill, and if these concerns do not organize technical schools themselves for the benefit of their employees, as has been done abroad in some cases, it will be necessary for the State or National Government to do so.

Some of the students in the New Bedford school have been through manual training schools, and are somewhat better prepared to receive instruction than they otherwise would be; but not sufficiently so as to warrant their having to spend perhaps two years in a manual training school. It is desirable that the curriculum of the public schools be somewhat modified so as to be better adapted to local needs.

In Mr. Brooks's opinion there is no textile school, either in America or abroad, that has as satisfactory and varied an equipment as the New Bedford school, for the giving of instruction in the manufacture of cotton fabrics. (553-554.)

4. *Industrial education in foreign countries.*—Mr. MILLER says that there are only a very few schools abroad like the one at Crefeldt, which do a work similar to that done by the Philadelphia School of Industrial Art. There are only two textile schools in France which he knows much about, and they are mostly weaving schools. Those in Germany are very largely the same. They are not meant for designers or superintendents, but for developing a high class of operatives. (229.)

5. *Apprenticeship.*—Mr. CRESSON, a manufacturer of transmission machinery, says that the old apprenticeship system, under which apprentices were taken into the family of the employer, is now impossible. Mr. Cresson used to take boys for 5 years; but when they had been with him about 3½ years they would leave him and hire out as journeymen; so he had to give up the plan. He has a number of boys in a certain part of the shop where they are treated in a measure as apprentices, and trained to become foremen and underforemen. (270.)

Mr. HARRAH says that in the works of the Midvale Steel Company, out of some 8,400 employees only about 80 are boys. When a boy comes to the company his father or mother signs an indenture, binding the boy to the company for a period of 8 years, which will expire when he is 21 years old. The boy is taught to be a molder, or a melter, or a machine hand, or a carpenter, or a pattern maker, or a

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chemist, or whatever it may be. He is paid 6 cents an hour at first, with gradual increase to 8 cents an hour. Part of the money is paid to him and part to his mother, and he is compelled to put a part in a savings fund. The Franklin Institute has a branch near the works, and the boys are compelled to attend night school there. The company pays their tuition, and pays for their time at the night school just the same as while they are at work. When they come of age the boys generally like to stay with the company, and become inspectors and foremen. They usually fill those places excellently. Mr. Harrah likes, however, to get them into the employ of other companies, in order that the Midvale Steel Company may have friends and not enemies in the establishments it deals with. (351, 352.)

D. Libraries.—Mr. REDFIELD says that a circulating library for the use of employees has been installed by J. H. Williams & Co. From the time of the opening of the library there has been a strong demand on the part of the men not only for books but for good books. Experience has shown a circulation equal to the use of half the books in the library monthly. (359.)

V. IMMIGRATION.

A. Successive nationalities of immigrants.—Mr. REYNOLDS says that 50 years ago the part of New York just east of the Bowery, where the University Settlement now stands, was an American quarter, and the dwelling place of some of the wealthy families of the city. About that time the Irish immigration began, and the Irish pushed the Americans uptown. Then the Germans came and drove the Irish uptown. About the time the University Settlement was established, say in 1877, the Russian and Polish Jews came and crowded out the Germans. That particular region is now practically monopolized by Russian and Polish and Armenian Jews. In the public school directly opposite the University Settlement, from 97 to 98 per cent of the children are Jewish, and the same is true of several other schools in the vicinity. Within the last 3 years the Italians have begun to press into the quarter. The Italian community in Greater New York is said to number from 150,000 to 200,000 people. Farther downtown small detachments of Syrians, Greeks, and Armenians may be found. (82, 94.)

B. Influences which promote immigration.—1. *Influence of prosperity.*—Professor COMMONS shows a chart in which the number of immigrants to the United States, year by year, is compared with the average level of prices. It appears that as prices rise, indicating an increase of prosperity, the number of immigrants rises also.

The labor-union people say, in the present period of prosperity, that, on account of the immigration they have been unable to get any increase in wages commensurate with the increase in prices. (43, 44.)

2. *Efforts of steamship companies.*—Mr. BLAUSTEIN refers to the stimulation of immigration by steamship companies, which circulate rumors of golden opportunities in the United States and Canada. He thinks this influence is largely responsible for the large emigration of Jews from Roumania. (122.)

3. *Oppression abroad.*—Mr. BLAUSTEIN refers in detail to the gross oppression to which Roumanian Jews are subjected in their own country, and which is said to have driven out 50,000 between January 1 and August 1, 1900. (122, 123.)

C. Character and condition of immigrants.—1. *Economic condition of Jewish immigrants.*—Mr. BLAUSTEIN says that a great deal of the Jewish immigration is effected by family assistance. One member of a family will come and work and save until he can buy a ticket on the installment plan to send for another. Then the rest of the family will gradually be brought over. The newly arrived immigrant has generally a relative here, who will take care of him for a few weeks or months, until he can get a start. Otherwise there will be a little colony of people from the same city or from the same country, and they will help the newcomer for the first 6 months or so. If even this society can not take care of the immigrant he will be referred to the United Hebrew Charities. The United Hebrew Charities, however, does not, as a rule, help newly arrived immigrants except with work. If they are not able to support themselves by work, or are likely, in the opinion of the Charities, to become a public charge, the Charities will report them to the authorities, and they will be sent back. If they have smuggled out of Russia they must smuggle back again.

The United Hebrew Charities very seldom receives applications for help from people who have been 5 years or even 2 years in this country. After being here 2 years they seem to get along by themselves. Very few Jews receive help from the public authorities in New York or from the nonsectarian charities. (119, 121, 123.)

Mr. Blaustein says that a large part of the Jewish immigrants have trades. They are tailors, shoemakers, carpenters, painters. A tailor or shoemaker can not follow his trade in this country because of the factory system. As to agriculture, very few have been agriculturists because in Europe a Jew can not be an agriculturist. Some of them have been small shopkeepers. The employments that are most readily open to them here, aside from sweat-shop work, are the keeping of a little store or a stand, or peddling. Many work in the factories. (120, 121.)

2. *Desire for education.*—Mr. BLAUSTEIN says that when the evening classes of the Educational Alliance of New York were opened in October, 1899, the "building was mobbed." Probably 2,000 people asked for admission to the classes, and everyone was at least 35 years old. (119.)

3. *Criminality of foreign born.*—Professor COMMONS criticises the ordinary figures as to the criminality of the foreign born as compared with the native born. Crime is a phenomenon of adults, and principally of male adults. As most foreigners come to this country after they are 15 or 18 years of age, the proportion of adults among them is much larger than among the natives. Some 47 per cent of native-born Americans are of age, and some 85 per cent of foreign born; so the foreigners might have nearly twice as many criminals as the native-born, as compared with the total number, and yet have only about the same proportion of criminals among adults. Professor Commons thinks that foreigners and children of foreigners contribute more largely to the minor crimes and misdemeanors, drunkenness, etc., than to the serious crimes. But the native-born children of foreigners are the worst element. They are the hoodlums and bums. The tramps are largely of American stock. The reason for the troublesome character of the children of foreigners seems to be that the father and mother, perhaps unable to speak English, are at a disadvantage in an American community. In their own country, knowing the neighborhood and the surroundings, they would have been able to keep the children under control. (43, 45.)

D. *Effects of immigration.*—1. *General evil effects.*—Mr. REYNOLDS says that the intruding immigration is the great cause of the depression of wages and of such bad general conditions as appear in the sweated industries. One of the worst features of it is that the immigrants of each race settle in undigested masses in our great cities. Under these circumstances they become assimilated to the American life only very slowly. Among the children, especially, there is a strong tendency to moral degeneration. The people have been torn away from the moral traditions of their old country, and they have not yet adjusted themselves to the conditions and the moral traditions of the new. There is a relaxation of the feelings of moral obligation. It takes a considerable time to gain a new hold of moral principles and moral ideas. The Jewish population of New York is astonishingly industrious and astonishingly ambitious for education. It has done much to raise itself out of the mire. The trade unions have become a little stronger, and general conditions have made some slight progress. But now come the Italians, crowding into the garment-making trade and throwing themselves on the necks of the Jewish garment workers before the Jewish garment workers have sufficiently established themselves to cope with the dangers and evils of this new immigration. (90, 92, 93.)

Mr. Reynolds mentions three great evils under which the Italian immigrants in Greater New York labor: first, the sweatshop; second, the private bank fraudulently conducted by one of their countrymen—a special evil peculiar to the Italian people, and, third, the padrone system. (94.)

2. *Race colonies.*—Mr. WYCKOFF comments on the national clannishness of immigrants, which results in the formation of distinct colonies of particular races in our great cities. He adds that the same thing occurs in the farming communities of the West, where he found in some places Scandinavian communities in which even the teaching was in the native tongue of the settlers. In other places there were French settlements and German settlements. He regards this colonization in city or country as a decided hindrance to the assimilation of immigrants and their children by the American nationality. The separateness is more readily maintained in the country, however, because in the city the conditions of work compel the intermingling of the different races. Yet even in the country the actual process of assimilation seems to be very rapid. Children of foreign ancestors in many instances show the emergence of distinctly American traits. (194, 195.)

3. *Moral deterioration of immigrants.*—Mr. BLAUSTEIN says that the Jews who have come to America are better off materially, but it is their unanimous opinion that in a moral way they are worse off. They regret that they can not live up to their moral convictions here. Circumstances result in the revolutionizing of their moral ideas. For the Russian or Polish Jew at home it would be a material disad-

vantage to be irreligious. He would lose if he kept his store open on the Sabbath. But in America he finds that he is at a disadvantage if he keeps it closed. The Russian Jew, like all Russians, considers czarism divine. He comes here and sees the head of the nation ridiculed and caricatured. Moreover, he finds that the police, who immediately represent the Government to him, are corrupt. He loses all respect for authority.

On the other hand, those who have held radical opinions, perhaps anarchical opinions, in Russia, where argument is silenced by the prison, often become much more conservative under the experience of freedom. Mr. Blaustein cites a class of about 200 young people, every one of whom was radical 2 years ago; they were "anarchists in theory. They were discussing free love, and did not hesitate to discuss any subject in the world, but they have changed around and have become imbued with the spirit of patriotism and altruism." (118, 119, 125.)

4. *Moral separation of parents and children.*—Mr. REYNOLDS says that an unfortunate line of division arises between foreign parents and their children. The parents come to this country without knowledge of the language, and do not easily acquire it; the children, in the public schools, acquire the language of the country and become interpreters for their parents. At a very immature age they feel themselves superior to their parents. They become rather ashamed of them, and Mr. Reynolds regards this as one of the most unfortunate circumstances which he meets with in his work. (82.)

Mr. BLAUSTEIN says that children of immigrants, speaking English while their parents do not, lose all respect for their parents and for their parents' religious opinions. Conflict arises between the older and the younger generation. (115.)

E. Contract labor.—Mr. STEEL, a manufacturer of worsted and woolen goods, believes that the contract-labor law is a great injury to this country. People who are making a living abroad, particularly if they have families, are not inclined to take the risk of coming to America to get work. The consequence is that the more capable and better class of work people remain there, and there is always a surplus of them while the other class come largely to this country. If Mr. Steel could have brought from England, say 25 or 30 capable mill people, he could have started his mill here much more quickly and better, and could also have used these people in teaching others. He advertised in the Yorkshire papers, giving a description of the town, the wages, and the cost of living, but never had an application from a single person to come here. He does not think that the alien contract-labor law is an advantage to the working people of America. He believes that the importation of the best class of foreign working people would help in the education of the American workers, and that no considerable displacement of American workmen would take place, because there is a demand in this country for highly skilled labor that we have great difficulty in supplying. The effect on this country would be to create a higher degree of skill. The law could be safely amended so as to permit the importation of skilled laborers under contract for improving the processes of production in existing industries. The present law permits the importation of contract laborers for the establishment of new industries, but there is now little possibility of establishing new industries here. Mr. Steel adds that such an amendment as he suggests would "relieve the labor element of foreign countries of a large surplus that is always out of work, and in that way tend to equalize the wages in the different countries; and in that case, I think, there would be really less necessity for the tariff." It is true that some unfair manufacturers would take advantage of such a loophole in the law, and use the foreign supply to reduce the wages of American labor, and it would be unfair in the abstract that the manufacturer should have the protection of a tariff on his manufactured goods and the laborer should have no protection against imported labor; but the disadvantages would gradually disappear. (238, 241-246.)

Mr. WILLIAM BARBOUR, president of the Linen Thread Company, says that it would be to the interest of the manufacturers of linen thread if the law prohibiting the contracting for labor abroad could be somewhat modified. It is difficult to obtain women in this country who are willing to work as spinners in a flax mill, and there have been times when, for the lack of 2 or 3 spinners, some 25 women employed in other branches of the linen-thread industry have been thrown out of work. It is right that there should be a law putting restrictions upon the importation of labor, but certain changes in the administration of the present law could be made with advantage. It seems as though it would be practicable to allow a reputable manufacturer to give a bond whenever he wishes to import laborers, setting forth the names of the particular individuals whom he wants to come into this country, obliging him, if necessary, to lodge with the Treasury Department his reason for wanting those particular persons to come. (725.)

Mr. LINCOLN GODFREY, president of the Eddystone Manufacturing Company, says that the broad principle of giving protection to labor is right, but that the working of our contract-labor law, as applied to skilled labor, is very injurious to the finer lines of the textile industry in this country. It has been frequently found that not enough skilled labor could be secured in the United States. For skilled labor there should be some modifications of the law. Some skilled laborers do come to this country from other countries of their own accord, but not to the extent that the development of the industry in the last few years has required. A man who has a family hesitates to start out and come to this country. If he knew that there were employment for him here he would come. American young men do not want to give the time necessary for becoming trained. For an engraver or for a printer the time of apprenticeship is 7 years. (479, 480.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that he is totally opposed to the importation of contract labor. Workmen who are citizens are sometimes thrown out of employment to make room for persons who have no interest in the community. Sometimes the contractor is the only person that reaps any benefit. He hires the laborers at very small wages and makes considerably more money out of it than the laborer does. (574.)

Mr. McCORMACK, labor commissioner of Indiana, testifies that the law of that State prohibits the importation of aliens by employers, whether from other States or from foreign countries. (56.)

F. Restriction of immigration.—1. *Advocated.*—Mr. RIXEY thinks that the population of this country is now "as large as we need." He would not prohibit immigration altogether, but he would "be very particular about who came." He considers that almost anyone who wants to come, except Chinamen, can get in under our present laws. (76.)

Mr. THOMAS O'DONNELLI, secretary of the Fall River Mule Spinners' Association, says that he thinks there should be some restrictions placed on immigration. When there have been such industrial depressions in this country as there have been at intervals during the last 25 years, it is not right to allow an influx of labor, and provision should be made to restrict immigration at some times, though not at all times. Very few immigrants are now coming in to work in the cotton mills. The trade in Great Britain has been very good for some years, and the wages have been high, comparing favorably with wages in this country when purchasing power is taken into consideration. A large number of Poles are coming now to Fall River, and some are coming to work in the cotton mills. There may be individual cases where the immigrants work for lower wages than are generally paid, but there is a general wage schedule in the mills. Most of the employees of the cotton mills are English-speaking people and French Canadians. (568, 569.)

Mr. WILLIAM J. O'BRIEN, of the Granite Cutters' National Union, says that there ought to be further restriction of immigration. There is no objection to the coming of skilled workers to this country, but there is objection to having indigent people brought here. If so large a number of skilled workers came over as to overstock the market, a demand for skilled workers would be created on the other side, and they would go back. If the United States Government took proper steps to investigate immigrants, much good could be accomplished. Would-be immigrants should be compelled to make application to American consuls before they sail for this country, and the Government should have representatives in certain locations abroad to investigate persons proposing to emigrate to the United States. These agents should not be known as agents, but should work as detectives. A small head tax on immigrants would be a benefit and would help to pay some of the expense of putting in effect a better system of oversight. As matters are now the provisions of the contract-labor law are often violated. (483, 484.)

2. *Depreciated.*—Mr. McCORMACK considers that the present restrictions of immigration are severe enough, providing they are enforced. He sees somewhat frequent complaints in the labor papers that they are not enforced, but has no specific instance in mind. So far as there is a lack of enforcement, he believes it is due to lack of attention on the part of the officers, and not to corruption. (56, 57.)

Mr. BLAUSTEIN does not favor restriction of immigration. The immigrant is likely to be of an adventurous disposition and a man who will be useful to the country. If he comes to escape oppression, he brings the germs of liberty with him. (125.)

Mr. Blaustein says that the requirement of an ability to read one language would not debar the Jewish immigrants. The Russian Jews may not be able to read Russian, but they can read and write Hebrew. (119.)

Mr. COLLINS, a shoe laster, while admitting that immigration lowers wages, would give every man the same right to go where he likes, which Mr. Collins

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desires for himself. His remedy for the evil results of immigration is labor organization. The Philadelphia shoe manufacturers brought over some Italian shoemakers some 12 years ago. The shoemakers made the mistake of abusing them and showing hostility to them; but many of them are now in the unions. (809.)

3. *Attitude of trade unions.*—Mrs. SYMONDS, labor editor of the Philadelphia Inquirer, says that the sentiment of the rank and file of the labor organizations is divided on restriction of immigration; partly, perhaps, because so many of the members are themselves foreigners, to whom it does not seem fair that they, having got in and bettered their condition, should forbid others to come in. At the same time some of the most strenuous advocates of drastic restriction of immigration are themselves naturalized citizens. Mrs. Symonds has observed similar phenomena in patriotic societies. "A good many of the men who are so awfully American and want to reject everything that is foreign" are themselves only one remove from foreign soil.

The alien contract labor law ought to be more rigidly enforced; there are too many loopholes in it. Mrs. Symonds refers to the recent case of the Philadelphia lace workers, in which persons under contract to labor were admitted on the ground that they came to establish a new industry, though Mrs. Symonds believes there were lace-curtain operatives and lace makers already in Philadelphia who could do the same work. (264, 265.)

G. *Special problems.*—1. *Assimilation.*—Mr. REYNOLDS notes as an example for us the course of the Germans in dealing with Alsace-Lorraine. They sent their best officials there, in order that the work of assimilation might be done under the wisest possible administration. Our problem in assimilating large masses of foreign populations is substantially the same. We ought to put our best school buildings, with the best equipment and most skillful teachers, among the foreign-born population. We ought to put there the wisest and best officials in every department of administration. Our actual policy is the opposite. The best schools, the best teachers, the best officials, are found in the better districts. Here and there teachers of the very best caliber come into the poor quarters as a matter of personal self-denial, but there is no steady policy in any city in America directed to giving the best opportunities to those whose needs are greatest. (92, 93.)

Mr. WOODS says that while it is highly important to assimilate the immigrants, in all respects, to our American life, it is most vital that they be held to our American economic standards. For this purpose wise protective factory legislation should be universally enacted, and the peaceful carrying out of the policy of the trade unions should receive all possible encouragement by law. (202.)

2. *Distribution.*—Mr. BLAUSTEIN thinks the great harm of immigration comes from the settling of large numbers in particular spots, especially in New York. There ought to be a bureau of transportation and employment which should scatter the immigrants. The immigrant is like a child when he first lands. He is ready to be directed and to go where he is advised. He ought to be looked after as a child is looked after. (125, 126.)

3. *Naturalization.*—Mr. BLAUSTEIN says that it would perhaps be advisable that no naturalization papers be given to an applicant unless he presents a certificate showing that he has attended school in Europe or a night school here, and that he has really become acquainted with American institutions. The examination for naturalization should mean something. The standard of naturalization should be raised. The present examination is a farce. Pains ought to be taken also to imbue immigrants with the American spirit. Literature suitable for preparing the immigrant for American conditions ought to be provided in the various languages and given to him free, both when he lands and before he arrives. (125, 126.)

VI. LABOR ORGANIZATIONS.

A. *Effects of unionism. Advantages and disadvantages.*—1. *General advantages.*—Mr. COLLINS, a shoelaster, believes that the complete organization of workmen offers the only hope of material improvement in their conditions. Laws are of no value because they are not enforced except as labor organizations acquire strength enough to enforce them. As an ultimate solution of the labor problem Mr. Collins hopes for a radical change of the industrial system. "I believe some day we are going to have complete organization of each industry, and at that time we will inaugurate a general strike, and we will just shut out all our employers. We will not shut them out, but will give them an opportunity to work alongside of us. Nothing would give me greater pleasure than to teach my employer how to last shoes. But that is only a fad of mine." (309, 310.)

Mr. WYCKOFF believes that "union organization is just as inevitable a part of our industrial organization as the centralization and organization of capital. * * * I should say that it is very much better for the man with a skilled trade—better for him, better for his trade, better for the interests of his class, that he be under conditions which admit of his being a member of the union and adding his personal strength to the strength of the union as such." (193.)

Mr. HARRAH, president of the Midvale Steel Company says that the natural tendency of an employer is to protect his interests regardless of the interests of others. Mr. Harrah had experience in Brazil when it was a slave country, and he found there, what he afterwards confirmed by his experience in this country, that it is most unfortunate that a man should have unlimited power. The power of the steel masters is most beneficially curtailed by the influence of the trade unions. The Midvale Steel Company does not, however, deal with labor organizations in its own works. No inquiry is made whether or not any man belongs to a union. The company makes the wage scale and the men accept it. There has never been any dissatisfaction.

It would be of decided advantage to Mr. Harrah as an employer if wages were made uniform in all competing plants by the action of labor organizations. It would give a certainty and stability to business operations. Whether the actual effect of a labor organization is beneficial or injurious depends upon the character of the leaders of it. (849, 350.)

Bishop POTTER believes that the right of workmen to organize ought to be recognized and distinctly asserted. The organization of labor has in reality lagged behind the organization of capital, and must sooner or later come up to it. It is in the complete organization of labor that the remedy must be found for the pressure which the increased aggregation of capital puts upon the working people. The organization of labor ought to have the help of men of brains and capital who are not laboring men. There is no greater service that men of brains and character can render than that of assisting an intelligent organization of labor. (3, 4, 12.)

Bishop Potter does not think that labor "is as well rewarded voluntarily by anyone as it is likely to be when you get some organization or mechanism which presents the claim of labor in a forcible and intelligent way." He considers that "one of the great services which organized labor renders to those who are associated in it is that it brings before the mind of the employer in a concrete form the justice of its demands." (6.)

Mr. WOODS approves of the progress which has been made in removing the legal restrictions upon associations of workmen and upon the carrying out of trade-union policy. Further legislation in this direction is needed in almost all of our States. In England peaceful picketing in strikes has been allowed by statute for 25 years. In the most of our States there is still difficulty on such points. It is most important that our American economic standards of life be maintained, and the difficulty of maintaining them is great, especially in view of the flood of immigration. On this ground "it is very important that public legislation should give all the encouragement it reasonably can to the peaceful carrying out of trade-union policy." (201, 203.)

Mr. JAMES TANSEY, secretary of the Carders' Association of Fall River, says that it is due in part to the labor organizations that the relations between capital and labor have steadily improved in recent years in Fall River. The organization is educational to the operative. Without organization the operatives are likely to act on impulse, and the formation of organizations has had a great effect in preventing strikes which would otherwise have taken place. In periods of unemployment the organizations are of great benefit to the operatives, as they never allow a case of distress to exist without doing something to relieve it. (579, 580.)

Mr. JOSEPH G. JACKSON, secretary of the Slasher Tenders' Union of Fall River, says that since the formation of unions and the appointment of permanent secretaries there have been fewer labor troubles in Fall River than ever before. Organization has been a benefit to the operatives in other ways. When there is a grievance, it is not necessary for the person aggrieved to make personal complaint and thereby risk his position. All he has to do is to notify the secretary of his department, and the secretary will go to the mill officers. This prevents any blacklisting. The trade-union leaders watch the markets, and are therefore in a position to know when there is a good opportunity for securing an advance in wages. (582.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that labor organizations tend to keep up wages, and that they also improve the condition of employees, and in many instances prevent impositions that would be practiced on labor except for the organization. (577.)

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Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that one benefit from being organized is that manufacturers recognize the employees and give more consideration to them. Formerly, manufacturers would get together and reduce wages on short notice; now, before a reduction of wages is offered, the matter is considered and discussed by the employees as well as by the manufacturers. Organization also leads to the giving of more careful consideration to points at issue before a strike is resorted to. Organization tends also to keep up wages. Manufacturers will seldom make voluntary advances of wages even when conditions warrant such advances. Individual laborers are afraid to ask for an increase in wages for fear they may be discharged; when an organization, through its representatives, takes up the matter of wages there is no fear of being discharged. Labor organizations have received concessions when unorganized employees could not secure them. When a benefit is of a general character, however, the unorganized employees profit from it also, because it would not be practical to make distinctions. (565, 567, 568.)

Mr. McCORMACK, labor commissioner of Indiana, testifies that in his experience the older and stronger organizations are more conservative and generally settle their disputes by negotiation or arbitration. He thinks that 80 per cent of the labor troubles in Indiana are "with unorganized workmen, or men newly organized, not disciplined or educated along the line of organization." In former years the militia of the State was frequently called out in labor disputes, especially among the railroad men and the miners. These workmen are now strongly organized, and their differences with their employers are usually settled in an orderly way by negotiation. (52.)

Mr. LEO, president of the Builders' League of New York, says that it is more convenient to treat with committees than with large numbers of individuals; and when there is a contest, and the union will agree to abide by the decision, that is the quickest way of getting a solution. (101.)

2. *Evils and abuses generally.*—Mr. FRANK W. CHENEY, treasurer of Cheney Brothers, silk manufacturers, says that, theoretically, labor organizations are all right. The practical results of such organizations are not, however, always desirable. The trouble is that the organizations level down instead of leveling up. The members do not want anyone to earn more than the average rate of wages, and they are often jealous of each other. If one workman is more competent than the others, and does more work, the others are apt to make it uncomfortable for him. (783, 784.)

Mr. LEO says that much of the trouble in dealing with labor organizations comes from the fact that they are really governed by a small minority. If a union has 600 or 800 men, there will be only 30 or 40 that will attend the meetings. The rest simply do what the union dictates. Places are always provided for the faithful 30 or 40, because they elect the officers and the business agents. Many of the best workmen are in the silent majority. (98.)

Mr. HARDING, a building contractor, says that less than 10 years ago the great majority of the doors, sashes, blinds, and trim of all kinds in the carpenter line used in New York City were manufactured within the limits of what is now called Greater New York. To-day he believes that not 30 per cent of it is manufactured there. He attributes the change to the high cost of labor in New York, due to the high wages and the short hours enforced by the unions. He has in mind two instances of large trim factories which moved from New York City, in each case in consequence of a strike. (109.)

Mr. DIMOCK, president of the Nonotuck Silk Company, says that there is no question but that workingmen have a right to organize for their own protection. There is a question, however, as to whether organization is a benefit to them. If trade unions could be induced or compelled to ascertain the feeling of their members in respect to the advisability of a strike by secret ballot, it would be a very desirable thing. Frequently strikes are ordered because the members opposed do not dare, for fear of social ostracism, to vote against them. So far as nonunion labor is concerned, the nonunion workingman ought to be free to make contracts without having to depend upon the permission of the labor organizations. (694, 695, 696.)

3. *Effect on wages.*—Mr. CRESSON, a manufacturer of transmission machinery, thinks that wages have probably increased in places where the trade unions have been most active; "but they will find their level again, because it is only a question of how much a man can pay to manufacture a thing." (271.)

Mr. LEO states that while unions regularly fix a minimum rate of wages, they are generally willing to allow their members to get as much as possible. The pattern-makers' organization in New York will not permit a man to get more than the standard rate. He does not know of any other such instance. (100.)

B. Officers and leaders of unions.—1. *Necessity for business agents.*—Bishop PORTER considers business agents to be a necessary medium for the dealing of workmen with their employers. He quotes with approval the statement of a business agent to an employer: "I have always noted this fact, that whenever a body of employees appointed a body of 3 men or 2 men or 1 man to go to the employer and represent what they thought would be fair as to wages, whether or no the demand was conceded, that particular workman or these particular workmen, sooner or later disappeared out of this gentleman's employ." (4.)

2. *Powers and methods of business agents.*—Mr. LEO complains that business agents call off their men on strikes, sometimes without so much as giving a reason to the employers or to the men. When the men go out the employer has to hunt up the agent and inquire what the trouble is. It is true that the authority of the business agent is limited by the constitution of the union, but he does not think that the existing system is better than the methods that existed before organizations were so highly developed. The great trouble is that by reason of the association of the unions, one walking delegate "has the other unions as a club."

The business agents are very arbitrary, not only in the treatment of employers but in their treatment of their own men. If a man has been out of work and has not been able to keep up his dues to the union, the walking delegate will demand his card, and, on finding that it is not paid up, will order him off the job. This will be done even though the man explains the circumstances and promises to pay up as soon as he gets his week's wages. So, simply because a man is unfortunate, he is shut off from his means of livelihood and from the possibility of paying what he owes. (97-99.)

Mr. LEO, president of the Builders' League, New York, says that the league undertook to have stewards appointed as representatives of the workmen in different trades, who should be old and experienced journeyman, but should be appointed by the employers. This effort was a failure because the plan was not satisfactory to the unions. It interfered with the work of the walking delegates, who are the authorized representatives of the unions. (96.)

Mr. STEINBOSS, general secretary-treasurer of the National Building Trades Council, denies that business agents interfere with the business of employers, or stir up difficulties, except in isolated cases. Such charges are trumped up by employers when disputes arise. The duty of the business agent is to collect dues, to see that the men have their cards, to bring non union men into the organizations, and in case of trouble to adjust it, if possible, by peaceful means. The business agent has the same sort of value to the union which the manager has to a business concern. (23.)

3. *Salaries of business agents.*—Mr. WILLIAM J. O'BRIEN, of the Granite Cutters' National Union, says that labor delegates are, as a general rule, paid their regular rate of wages, with, perhaps, an additional amount of 50 cents or a dollar a day. (424.)

C. Methods of unions.—1. *Care of members.*—Professor COMMONS states that "it has been shown in London and in this country that at times of depression practically no union man has applied for relief from the public authorities. He is cared for one way or another by his union." (39.)

Mr. HOURWICH testifies that during the industrial crisis of 1893, when he examined the data with regard to many thousands of unemployed workmen in the city of Chicago, he found very few members of labor organizations among the applicants for charitable relief. Whether this was because there was less unemployment among organized workers, or because they were better paid and could stand unemployment longer, or because they were aided by their organizations, he does not pretend to say. (167.)

2. *Maintenance of strike funds.*—Mr. FOX, president of the Iron Molders' Union, says that his union sets apart 58 per cent of its receipts for a defense fund, to be used for the benefit of members on strike. It usually takes care of striking members even after the strike is over, if they can not get work. "For instance, it supported the strikers at San Francisco for 20 months, and others at Indianapolis for 24 months, though the strike was practically lost much sooner." (148.)

3. *Places of meeting.*—Mr. REYNOLDS states that the Central Federated Union of New York and four other labor organizations hold their regular meetings in the buildings of the University Settlement. Before they came there all of them met in rooms connected with saloons. Mr. Reynolds has been repeatedly assured that such organizations can hardly find in New York any hall at a rent which they can afford to pay which is not attached to a saloon. Halls connected with saloons are rented cheaply, but the members of the society are frequently reminded of the low rent, and they are made to feel under obligation to patronize the bar.

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Sometimes it is made impossible for them to reach the meeting place without passing directly by the bar. As a result, the leaders say that some of the members are likely to reach the meeting in a condition which scarcely permits the serious and orderly consideration of business. (80.)

D. Relations of union and nonunion labor.—1. *Demand for exclusive employment of union workmen.*—Mr. HOURWICH justifies the demands of the labor organizations for the exclusion of nonunion men from employment. He asserts that this demand is identical with restrictions often inserted in other kinds of contracts. If a railway company bids for the transportation of troops it is natural for it to stipulate that it shall have the exclusive privilege of transportation between the points named in the contract. If a labor organization makes a contract of employment it must insist upon a similar provision, lest its contract become inoperative. The employer may lay off at any time such hands as have become superfluous to him. If he had the further privilege of subsequently replacing them with outsiders, not bound by the terms of the union's contract, he could practically rescind his contract with the union without openly saying so.

"No less important is the injury to the discipline of the organized body, which must inevitably result from suffering a number of outsiders, not subject to the jurisdiction of that body, to work side by side with the members of the union. A union of workmen will avail itself primarily of the same remedies as a single hired man to enforce the terms of its hiring. In case of a breach of contract on the part of the employer, the individual employee may quit; if he is reasonably certain that he is wanted by his employer he may thus succeed in obtaining redress. But when one-half of the force of a factory do not belong to the union, what will it avail the other half to quit, under similar circumstances, if the outsiders will remain at work? Whoever has had any experience on the labor side of this matter is forced to the conclusion that a union can sooner concede a reduction in the rate of wages than waive this fundamental demand."

The Appellate Division of the New York Supreme Court has lately made a new departure in adopting the view of the British House of Lords, which has unqualifiedly recognized the right of a labor union to refuse to work with nonunion men and to demand the discharge of nonunion men where union members are employed. This view is at variance with New York precedents, and it remains to be seen whether it will be upheld by the Court of Appeals. (154.)

Mr. STEINBISS, general secretary-treasurer of the National Building Trades Council, quotes a request which his organization has presented to the public, that only men in possession of the building-trades-council working card be employed in the construction of buildings. As reasons for compliance with this request the organization suggests, first, the delay in construction which may be caused by the refusal of union men to work with nonunion men, and, second, "the risk of having your building erected by reckless irresponsible parties, who loist themselves upon the community with bad material and inferior work, executed generally by unreliable tramps or boys at cheap wages, frequently the cause of accidents and faulty construction of buildings." To make it easy to secure union work the organ of the National Building Trades Council publishes every week a list of contractors who employ none but union men. (16.)

Mr. CROXTON, president of the Boot and Shoe Manufacturers' Association of Philadelphia, asserts that he knew a case, when the Knights of Labor controlled the Philadelphia shoe manufacture, in which a manufacturer wished to have his own son work for him, and was not permitted because the son was not a Knight. He made application to become a Knight and was blackballed. (332.)

2. *Attitude of nonunion men toward unions.*—Mr. FRANKLIN ALLEN, secretary of the Silk Association of America, says that there can be no question as to the right of labor to organize, so far as the men that unite are concerned, but the men that do not go into the unions must have freedom to work assured to them. To nonunion workmen "unionized labor" means the arbitrary restriction of the natural labor market, and this restriction and the claims made by union labor the nonunion workmen feel bound to resist. (681.)

Mr. STEINBISS believes that there are at least a million and a half of organized workers in the country, and says that the majority of unorganized workmen are disposed to comply with the requests of organized labor to stay away when there is a strike. They feel it to be dishonorable to take the place of strikers, and they also feel that employment obtained in that way is not likely to be continuous. There is no employer in the building line but prefers union men. The witness has known contractors who would not employ nonunion men under any circumstances. (23.)

3. *Labor organizations as monopolies.*—Mr. HOURWICH declares that labor

unions are organizations in restraint of trade, and that when they have sufficient strength they maintain monopolies. They are not monopolies with reference to individual workmen, if any workman of good character is permitted to join, but they are monopolies with reference to the employer. Suppose an employer needs 1,000 men. He can get 250 men outside the union, but he can not get 1,000. The 750 who belong to the union say that they are willing to work on the terms offered, but are not willing to work with the other 250 men who do not belong to the organization. The employer has the alternative of taking the 250 or the 750. He will take the 750 and turn off the others. The 250, finding that they can not get a job otherwise, will join the union. The union can not make such a demand if it has only 5 or 10 per cent of the workmen: but from a common-law standpoint an organization which intends to combine all the men in a certain trade so as to make joint contracts and to do away with individual bargaining is an intended restraint of trade. The restraint of trade becomes actual when the union acquires a certain strength in the trade and begins to make use of its monopoly power. The essential feature of a monopoly is in its effect upon the consumer. The object of the union is to control the trade so that consumers can not buy the commodity of the union—labor—except from it. This intention is the intention to create a monopoly. Mr. Hourwich believes that such a monopoly is desirable, both for the employer and for the employee, but it is a monopoly, and it should be regulated. When this labor monopoly joins with a combination of capital there is a combined monopoly as against the consumer, and the State ought to come in to take care of the consumer.

The monopoly of the trade union is not directed against the individual workman outside. So far as they are concerned, the remedy for any hardship is simply in joining the organization. (147, 154, 160, 161, 168.)

E. Attitude of employers toward unions.—Mr. McCORMACK, labor commissioner of Indiana, finds the opinion of employers growing more and more favorable to labor organization. He cites the case of a mine owner who formerly had nonunion men, and was not willing to arbitrate his disputes with them or to deal with a labor organization. Experience has entirely changed his opinion. He now says that he intends to work union men as long as he stays in business, because he can meet his men on the 1st of April each year, arrange the wage scale and the working conditions, and be free for the rest of the year to give his attention to disposing of his product. (59, 60.)

Mr. NELSON, president of the N. O. Nelson Manufacturing Company, says that the employees of his company in each line of work have their union, by the desire and encouragement of the management. (358.)

Mr. FREEL, a woolen manufacturer, has no positive objections to labor organizations as such, but he objects to their methods. "I am very much in favor of labor organizations for the purpose of elevating the character of the work people. I think if that was their purpose more than the arbitrary one of taking advantage of the position of their employer, they would be eventually much better off." (243, 244.)

Mr. LEAKE, a Philadelphia manufacturer of cotton and linen fabrics, has no objections to labor organizations "so long as they keep within legitimate bounds." He has had very little labor trouble: he has always settled his differences with his employees on lines that were conceded by both sides to be equitable. Although Philadelphia was the headquarters of the Knights of Labor "during the acute stage of that disease," Philadelphia perhaps suffered less from it than some other portions of the country, because of the somewhat paternal relation of employers there to their work people. "Most disputes were settled in the family way, but where they could not be settled in that way we took the strong hand." (278, 281.)

Mr. O'BRIEN, of the Granite Cutters' National Union, says that there is a better understanding between employers generally and labor organizations than was formerly the case. Employers have at last reached the conclusion that to get practical workmen they must employ members of trade unions, and they realize that if they employ nonunion workmen, those workmen will soon become educated and demand just as good conditions as demanded by anyone else. (431.)

Mr. FOX, president of the Iron Molders' Union, says that it is only the corporations which the molders come in contact with that give them any trouble with regard to the recognition of the union. Even with them he is usually able to come to satisfactory terms, and the tendency to recognize organized labor is increasing. (149.)

F. Union labels.—Mrs. SYMONDS, labor editor of the Philadelphia Inquirer, says that the union label of the cigarmakers has largely done away with the evils of sweat-shop work in that trade. Any union label, like that of the Garment Workers, is supposed to mean that the goods on which it is put are made under

fair conditions, and it does mean it if the union is honest. The State of Pennsylvania protects such labels by law, and there are several men in the State who are serving terms in jail, or have paid heavy fines, for counterfeiting them. (264.)

G. Incorporation of trade unions.—1. *Incorporation advocated.*—Mr. LEAKE thinks that when there is a test of strength between the labor organization and the employers the union is likely to promise to do some things which it can not fulfill. The failure to keep agreements is probably not from unwillingness on the part of the leaders. The employees who fail in their obligations are likely to be disciplined, but the union is often unable to deliver the goods. The employer is at a disadvantage in dealing with people who have no direct pecuniary interest in the issue, and who have no pecuniary standing to guarantee him against damage by failure of contract. Mr. Leake thinks that one of the most helpful changes that could be made in the law, from the laborer's standpoint, would be a provision that labor organizations should be incorporated, have capital, and have power to sue and to be sued. Then the employers would feel that they were dealing with responsible bodies, and in the event of any breach of contract there would be redress. (278, 279.)

2. *Powers and duties of incorporated unions.*—Mr. HOURWICH points out that labor organizations are incapable under the existing law of enforcing in court contracts relating to the wages and other conditions of employment of their members. If such a contract is violated the individual workman may be damaged, and each one might be able to collect damages by a separate suit; but the union, if it is a corporation, is regarded by the law as an entity distinct from its members, and since as an entity it would have made no profit by the carrying out of its contract, it can show no damage by the breach of it. Mr. Hourwich argues that there should be a special law for the incorporation of trade unions, allowing them to make labor contracts on behalf of their members, and, if the contracts are broken, to collect the damages which the members suffer as a society or as individuals.

Mr. Hourwich holds that if a labor organization breaks a contract it should be held in pecuniary damages just as an employer should be. The unions generally have funds which would make them quite as responsible in a financial way as many employers are. If a union had no funds that could be reached the case would not be different from that of the many judgments against individuals and business corporations that are every day returned unsatisfied. He would not say that the property of the members of the organization should be taken; but if a union is given the privilege of suing for damages when an employer breaks a contract with it, it could not reasonably be exempted from liability if it broke the contract. It should find safety in keeping its contracts. (143, 152, 155, 157.)

Mr. Hourwich calls attention to the law of New York regarding cooperative corporations consisting of members who are supposed to combine both their capital and their labor for the attainment of a common purpose. Such companies were provided for by a law of 1867 and by amendments of 1878. When the commission appointed in 1891 revised and unified the corporation laws of the State it divided all corporations into three classes—stock corporations, nonstock corporations, and mixed corporations. Stock corporations are business companies, and nonstock corporations were intended to include membership corporations, or social clubs of all kinds, and religious corporations. The class of mixed corporations was meant to include companies which partake of the qualities of both classes. Among these were the cooperative corporations. But the commission finally prepared no general law for mixed corporations. Some of them were included under the membership corporations as special branches. The name of cooperative corporations was retained in the law, but absolutely no provision was made as to their powers or duties, and the old law relating to them was repealed. Mr. Hourwich, having occasion to incorporate certain labor organizations, incorporated them as cooperative companies; but the question of the powers of such companies is left entirely open to be determined by adjudication of the courts. (157, 158.)

Mr. Hourwich says that an unincorporated labor organization in New York may make contracts and incur civil liability, and may bring civil suit, for instance, against a defaulting treasurer, just as any other private firm might. A labor union, incorporated as a membership corporation, in New York, might make any contracts which are necessary to the furtherance of its purposes. It might buy real estate, and if it owned real estate it might rent a portion of it to other parties. Even if unincorporated it might acquire title as a partnership. It need not necessarily acquire the title through trustees. That would depend upon its own rules and regulations. (159, 160.)

Mr. Hourwich believes that the opposition of many trade unions to incorporations comes from lack of familiarity with the advantages which could be derived

from the protection of the law. Some of it arises also from the experience of the labor organizations with the law. The law has in most cases favored the employers' side; at least that is the contention of the union. (160.)

3. *Registration of trade unions in Great Britain.*—Mr. WILLOUGHBY says that as he understands it the chief privilege which the British trade unions obtain by registration under the law is the right to hold property through trustees, and to sue in their name and to hold them to account. Under the old system it often happened that a union had no redress against a dishonest treasurer or other officer. Under the registration law it is entitled to that redress. The conditions of registry are that they shall make certain reports and do some things which do not appreciably limit their real freedom. (175, 176.)

H. *Miscellaneous evidence.*—1. *Industrial combinations and labor organizations.*—Mr. Brooks says that the new industrial combinations have a powerful motive to get rid of the trade unions, or to cripple them, by making them sign a contract that they will not have anything to do with the application of new inventions. This, in Mr. Brooks's opinion, is the most ingenious way of weakening the trade union. The better unions do not oppose machinery. They know its advantages as well as the employer. But the manner in which the machinery is introduced is of vital concern to them. The new invention often alters the wage scale and often drops out a few of a given group. If the introduction of machinery goes on without being influenced in its methods by the unions, the unions can not secure their share of advantage from the new invention. This is what has happened with the lasting machine and other machines in the shoe trade. They have weakened one of the most powerful unions in New England. But to discuss the introduction of machinery with union committees causes delay which is felt as burdensome by the manufacturers. Our manufacturers know that they get an economic advantage over the English by being able to apply machinery as fast as it is invented without any such discussion. English iron masters and engineers know that the Carnegie Company competes against England far more effectively and dangerously because no union committee has a word to say on the question of new machinery in its works. But if the manufacturer can introduce machinery without consulting the union as to conditions, he gets such an advantage that in many industries he can completely cripple the labor organization. This is what the great new combinations will desire to do. Mr. Brooks has recently been told by a man who has organized two of the most successful trusts in the United States that he and his associates have no fear of the trade union. Their strikes can be beaten, and have been beaten, through the advantages of the great organization with its independent and widely separated plants. (139-141.)

2. *Labor organizations in the South.*—Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that the operatives in the Southern mills are organizing very rapidly. Where there were only hundreds belonging to labor organizations 2 or 3 years ago there are thousands to-day, and the number will continue to grow. The manufacturers have tried to prevent the organizing of labor, but the laborers themselves are in favor of it. (570.)

3. *Labor organizations and socialism.*—Mr. BROOKS declares that the growth of socialism in such New England towns as Brockton and Haverhill is the result of the feeling of the workingmen that their trade organizations can effect nothing. If employers want to make socialists in this country they have only to "smash the unions." When the men feel that they are helpless, that their organization is helpless, they turn to the municipality and the State. They become socialists. (140-142.)

4. *Workingmen's Federation of the State of New York.*—Mr. O'BRIEN, of the Granite Cutters' National Union, says that the Workingmen's Federation of the State of New York is an organization representing labor organizations throughout the entire State. It has an executive board which looks after the interests of labor before the legislature. The Federation takes up nothing but measures of a general nature. (435.)

5. *Iron Molders' Union.*—Mr. FOX, president of the Iron Molders' Union of North America, states that this organization was formed on July 5, 1839. It now includes about 65 per cent of the iron molders of the United States and about 75 per cent of those engaged in stove manufacture. Its initiation fee is \$5, and each member pays 25 cents a week as dues. Forty per cent of the dues goes to pay the running expenses of the national organization, including strike benefits of \$7 a week, a death or disability benefit of \$100 or \$200, according to the length of membership, and a sick benefit of \$5 a week for not more than 12 weeks in any one year. (143, 144.)

CXXXVIII INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

VII. LABOR DISPUTES AND DIFFICULTIES.

A. Strikes.—1. *Causes of strikes.*—Mr. Fox, president of the Iron Molders' Union of North America, says that in the foundry industry the most prolific causes of strikes are the questions of wages and the discharge of men for belonging to the union. (143.)

Mr. RINEY, labor commissioner of Missouri, mentions among causes of particular strikes an attempt to increase the daily task without increase of wages, and an attempt to have boys taught work that had been done by men, so crowding out men and lowering wages. (72.)

Mr. DIMOCK, president of the Nonotuck Silk Company, says that as a rule some inefficient, ignorant ringleader is responsible for strikes. (694.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that the majority of strikes are caused by disputes over the rate of wages which should be paid. Sometimes strikes occur because of tyrannical acts on the part of overseers or corporations. (574.)

Mr. THOMAS O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that the furnishing of poor material to the spinners has caused strikes among cotton-mill operatives at times. The principal cause for strikes, however, is the wage question. (505.)

Mr. J. WEIDMANN, of the Silk Dyeing Company of Paterson, N. J., says that in many cases strikes are caused by the refusal of employers to meet with committees appointed by the operatives. There ought to be in the silk industry a regular system of conference between manufacturers and operatives; but there is great difficulty in the way of establishing such a system, because not only the silk operatives but the manufacturers themselves are of many different nationalities. (706.)

Mr. CROXTON, president of the Boot and Shoe Manufacturers' Association of Philadelphia, asserts that a Philadelphia firm which pays the highest wages in the United States, so high that when the rate was reported to the State government, the government would not accept it until it had investigated the books for itself, has "more strikes than anybody else." (331, 332.)

2. *Results of strikes.*—Mr. Fox, while admitting that strikes in their immediate results are unprofitable to the community, to the employers, and to the strikers, declares that without the ability and the will to offer organized resistance to what the workmen deem unjust demands there would be nothing between them and a condition worse than slavery. In the long run strikes have saved to the workers, both organized and unorganized, a more equitable share of the wealth they produce; yet the necessity of them is to be deplored, and it is a discredit to our intelligence and civilization that a better means of adjusting differences has not been found. (144.)

Mr. O'DONNELL says that while strikes are a great injury both to employer and employee, and also to the community at large, they are a necessary evil; and that, although losses result at the time, good results accrue afterwards both to employer and employee, even when the object struck for is not obtained. More careful consideration is given to the questions at issue before a strike is entered into again. (565.)

Mr. STEINBISS quotes an utterance of his made in 1894, in which he said that "experience has demonstrated and taught us that strikes are failures." He now believes, however, that "strikes have been successful in accomplishing the end that we aim at, in lieu of anything better." He therefore disapproves his statement of 1894. (14.)

3. *Causes of failure of strikes.*—Mr. STEINBISS mentions several cases in which local building trades councils have failed in the conduct of disputes with their employers. In Kansas City he attributes the failure to the introduction of party politics. In Memphis and Savannah he believes that the demands were made too soon after the organizations were formed, and before the members were "fully drilled in the mysteries of unionism, so as to be able to undertake a strike." (15, 23.)

4. *Necessity of strikes.*—Though Bishop POTTER regards the strike as a reversion to barbarism, he considers that under present conditions it is a necessary weapon of the workman. It is necessary as war is necessary. The employers are likely to contend against increase of wages or shortening of hours until they realize that the employees have force enough to meet them in a contest. (11.)

5. *Methods of inaugurating strikes.*—Mr. Fox quotes the rules of the Iron Molders' Union as to the inauguration of strikes. When a difficulty occurs with an employer the local union must hold a meeting and vote by secret ballot on the question of insisting on its demands. A three-fourths vote is required. If this vote is given, the national president must be notified, and he must come to the place, in person or by deputy, to try, together with the local committee, to settle the dispute. If he does not succeed, he notifies the national executive board. A strike can not be

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declared until this board gives its permission. Throughout the negotiations the local union is required to keep at work. If it strikes after being notified that its grievance is not sanctioned by the executive board, the president and the board have power to suspend it from the national union. (143.)

Mr. STEINBISS says that by the constitution of the St. Louis Building Trades' Council no strike can be declared on any building unless two-thirds of the trades interested are in favor of it. (28.)

6. *Legal rights of employers and employees in strikes.*—Mr. HOURWICH says that "it can not be said that the right of workmen to refuse, by concerted action, to work for an employer if the terms do not suit them has received unqualified recognition. The common law regards every strike as a conspiracy. The New York statute exempts from this inhibition a strike for the purpose of obtaining an advance in wages or for opposing a reduction of wages. But as this statute creates an exception from the common law, it will, under the familiar rule, be construed strictly. Anything not expressly contained in it is still governed by common-law principles. Now, a strike is not always the result of differences as to the rate of wages." A strike is of course an injury to the employer's business, and a threat to strike is a threat to injure him; but injury may be committed without any legal wrong or liability. The putting up of a building on one's own lot may shut off light from a neighbor's house and inflict an injury on him, but it is a lawful act and creates no liability for damages. Yet Mr. Hourwich has had the experience of hearing a defense based on threats "to injure the defendant's business," without specifying any unlawful act, held a sufficient defense by the New York supreme court. (154.)

7. *Suppression of lawlessness.*—Mr. RIXEY says that in the great St. Louis street-car strike of 1900 the governor steadily refused to call out the State troops to suppress lawlessness, although he was urged to do so. Mr. Rixey does not believe that lawlessness could have been suppressed while the feeling was at its height, even if all the 2,400 men of the State guard had been called out. Mr. Rixey advised against calling out the militia. While it is the duty of the State to protect life and property, it is the duty of the executive authorities to choose the means by which protection can best be given, and Mr. Rixey considers that the use of the militia should be the very last resort after everything else has failed. (67-69.)

8. *Sympathetic strikes.*—Mr. FOX says that sympathetic strikes are, as a rule, the result of the quick sympathies of workmen for one another when attacked by the employing interests. They are declared impulsively and often without proper investigation. As a result they are often disastrous, and they should be discouraged. The employing interests are combining so generally in the form of associations that it may be necessary for unions of allied trades to combine in order to be better able to resist organizations of employers, but strikes of allied trades that might result from this higher organization would not be properly sympathetic strikes. They would "be the result of the careful consideration and calm judgment of some tribunal representing the several trades, and competent to arrive at an intelligent decision upon the points involved." (143, 144.)

Mr. STEINBISS considers that sympathetic strikes are necessary and will never be done away with, because they are the foundation principle of the Building Trades Council. It is temporarily unfortunate that 30 or 40 unions should cease work because of a dispute of one, and perhaps a little one; but through this very strengthening of organization a change of conditions will ultimately be brought about which will do away with strikes. To leave each trade to settle its troubles by itself is against the policy and principles of trade unionism. Many trades are small and weak and subject to oppression by their employers. As a matter of humanity the strong trades ought to go to their assistance. The sympathetic strike may well extend sometimes even beyond the bounds of affiliated trades, as in the case of "the miners or men that are underpaid and working under conditions bordering on slavery." (20, 21, 27, 28.)

Mr. O'BRIEN, of the Granite Cutters' National Union, says that a sympathetic strike is certainly a hardship, and that the organization to which he belongs has tried in various ways to avoid such strikes. Some of the employers, however, have a tendency to attack a weaker organization, and it is absolutely necessary in such case for the stronger organizations to come to the rescue. (424.)

Mr. LEO, president of the Builders' League, says that the great trouble in the building trades of New York has been the sympathetic strike. He recalls one instance, but one only, in which the employers have resorted to a sympathetic lockout. He does not defend this action, except as a case of fighting fire with fire. "The value of the weapon is undoubted; the fairness of the weapon we question very greatly." (97.)

9. *English law in respect to strikes.*—Mr. STEEL believes that the English law

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requires workmen to give two weeks' notice before going on strike, and forbids workmen to leave material in process and subject to deterioration. On the other hand, the manufacturer is required to give notice of discharge to his workmen. The parties are placed on the same level. (244.)

10. *St. Louis street-car strike.*—Mr. RIXEY gives a detailed account of the great street-car strike in St. Louis in the summer of 1900. He says that the strike began on May 7. Demands were made upon the St. Louis Transit Company, which was a consolidation of the most of the lines in the city, for shorter hours of labor, and also for the exclusive employment of members of the Amalgamated Association of Street Car Employees of America. There was also a strike on the lines of the St. Louis and Suburban Street Car Company, which controlled a small part of the lines of the city. This was settled without serious trouble. On the lines of the St. Louis Transit Company, however, amounting to some 400 miles, not a car was run for 12 days from May 7. When the cars did begin to run there was such violence and terrorism that people were afraid to ride in them. There was hardly a day or an hour in the day that some bodily harm was not done. About 14 persons were killed and about 150 to 175 were injured. Additional policemen were sworn in, and the sheriff swore in some 1,500 deputies. For nearly two months thousands of people would not ride upon the cars of the Transit Company, but walked or rode in wagons. Some were actuated by sympathy with the street-car employees and some by fear of violence.

The Transit Company said that its loss was about \$1,250,000. It was estimated that the employees lost about \$275,000 in wages, and that the public at large lost over \$30,000,000. The whole business of the city was greatly injured. People would not come to the city to buy goods, either at wholesale or at retail. Traffic on the railroads running into St. Louis was smaller than it had been for years. Mr. Rixey adds that the heads of the street-railway employees' union did everything that they could, through the press and in all ways, so far as he knows, to repress violence and lawlessness. He believes that the great majority of those who were engaged in the lawlessness were boys and young men who went into it as a matter of sport.

The governor of the State came to the city repeatedly and made every effort in his power to settle the trouble; so did the attorney-general. A committee of seven of the leading business men of the city was formed to effect a settlement. The committee met almost daily, sometimes twice a day, for 3 weeks. There was no trouble in approaching the representatives of the employees or of the road, or in bringing them together in conference, but it was absolutely impossible to get them to agree. The point of difference was that of the recognition of the union and the exclusive employment of union men. All the other demands were settled easily enough. Mr. Rixey undertook to form a board of arbitration under the law, and asked each party to suggest two men to be members of it. The employees complied, but the Transit Company refused, saying that there was nothing to arbitrate, and that the law did not require it to comply with such a request.

On July 2 an agreement was made between the president of the Transit Company and the chairman of the committee of the employees providing that the strike should be declared off: that no discriminations should be made by the company for or against any employee because of his joining or not joining the union; that any employee who should try to induce any other employee, by intimidation or threats, to join or not to join the union, and any official who should attempt to influence any employee to join or not to join the union, should be discharged. A list was to be made of the men in the company's service at the beginning of the strike, and as additional men were needed they were to be selected exclusively from this list until it was exhausted. Men employed during the strike were not, however, to be interfered with, and no person should be eligible for employment who had been guilty of any lawlessness or violence.

This agreement was repudiated by the union, and the strike has never been declared off. The union said that the committee which made the agreement had no power to make it, except subject to confirmation by the union. The result has been that the strike has been lost. (62-66.)

B. Injunctions in strikes.—Mr. FOX, admitting the value of injunctions for their legitimate purposes, believes that the use that has been made of them in labor troubles since 1894 is contrary to their original intent, "subversive of the rights of the citizen, and has done much to create a feeling of disrespect and distrust toward the courts among a very considerable portion of the community, to the distinct injury of its morality and patriotism." It infringes upon the liberties of the citizen, and gives rise to the suspicion that temporary injunctions are applied for solely to break the strike by completely tying the hands of the strikers. Limitations should be put upon the use of the injunction, and persons accused of contempt of injunctions issued in such cases should be given jury trial. Trade

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unions do not countenance violations of law, but the law itself provides adequate penalties. (146.)

Mr. JAMES WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that he does not believe that anybody ought to be arrested and tried in injunction proceedings. If a man wants a jury he ought to have it. (575.)

C. Boycotts.—Mr. STEINBISS believes that the boycott is a proper weapon of the workingmen, but does "not believe in carrying it out to an extent where innocent parties are injured." (27.)

Mr. HARDING, a building contractor, declares that during a strike in 1899 some of his men showed him a list of manufacturers who had been blacklisted because, though they were compelled to yield to the demands of the unions, they had opposed them and had undertaken to fight. He understands that those names are still posted in the rooms of the union as the names of persons who are to be set upon as soon as there is opportunity. (107.)

VIII. ARBITRATION, CONCILIATION, AND JOINT AGREEMENTS.

A. State laws relating to arbitration.—1. *Indiana.*—Mr. McCORMACK says that the Indiana Labor Commission, or Board of Conciliation and Arbitration, was established by a law of 1897. It consists of two commissioners, appointed by the governor for terms of four years. Both commissioners must have been connected for not less than 10 years with departments of industry in which it is usual to employ a number of persons under single direction and control. One must have been, during the 10 years, and must be at the time of his appointment, connected with the labor interest, and the other with the capitalist or employing interest. The two commissioners must not be members of the same political party. They must be not less than 40 years of age, and neither may hold any other office during the time for which he is appointed.

When the commission is informed of the existence of a strike, lockout, boycott, or other labor trouble within the State, its duty is to go to the place where the trouble exists and offer mediation. If this is refused, or fails, the commission must offer arbitration, either by the State board or by any other method that may be agreed upon. The labor commission and the judge of the circuit court in the county in which the trouble exists may act as a State board of arbitration. Two other members, one named by the employer and one named by the employees, may be added if desired. The agreement to enter into arbitration must be in writing, and must state the issue to be decided. It has the effect of an agreement by the parties to abide by the award. Employees who are members of a labor organization may be represented by its officers in the execution of such arbitration agreement. If any party to the arbitration is charged with failure to comply with the award, the circuit court may grant a rule against the party so charged to show cause within 5 days why the award has not been obeyed. The judge has power to hear and determine the questions presented, and to make such order as shall give just effect to the award. Disobedience may be punished as contempt of court.

Any employer and his employees, between whom differences exist which have not resulted in a strike, may apply to the labor commission, as such, for arbitration, and the board of arbitration shall be organized and the award rendered and enforced in the same manner as under the provisions just stated.

This law gives not compulsory arbitration, but compulsory obedience to the decision of the board of arbitration. At any time before the decision is rendered the application for arbitration may be withdrawn, but not after the decision is rendered and made a matter of court record. It has never been necessary to apply the compulsory provisions of the law. There have been cases in which the decisions of the board have been made a matter of court record, but the decisions have always been obeyed strictly and fairly. The decisions are usually made for one year. (49, 50, 53, 54.)

2. *Missouri.*—Mr. RIXEY, commissioner of labor statistics of Missouri, quotes the sections of the statutes of his State relating to State boards of arbitration. It is made the duty of the commissioner of labor statistics, when he is informed that a dispute has arisen between an employer and his employees which may result in a strike or a lockout, to visit the place and try to mediate between the parties if he thinks it necessary. If mediation can not be effected, the commissioner may direct the formation of a board of arbitration, consisting of two employers and two employees engaged in a similar occupation to that in which the dispute exists, but not parties to the dispute, together with the commissioner of labor statistics himself, who is the president of the board. The board has power to examine and hear the matter in dispute, and is directed to render a decision within 8 days after the investigation. The decision is to be published, and a copy is to be

furnished to each party in the dispute. The law distinctly provides that the only effect of the investigation shall be to give the facts to the public through an unbiased channel. Such a board of arbitration may not be formed when work has been discontinued. (62.)

3. *Ohio*.—Mr. McCORMACK testifies that he has been given to understand by the secretary of the State board of arbitration of Ohio that a bill is about to be introduced in the legislature of that State providing that "whenever, in the unanimous judgment of the State board, a strike or lockout is not within reach of present adjustment and seriously menaces the public peace or endangers life or property, or if the situation caused by such strike or lockout be such, in the opinion of the governor, as to justify the calling out of the militia or a part thereof, or if the same has been called out because of such strike or lockout," the board, after notice and hearing, may enter on its minutes a recommendation to the parties that the strike or lockout be suspended for a given number of days pending adjustment or arbitration. When the parties have been served with a notice of this action they must comply. If they fail to comply complaint may be made to the court of common pleas of the county, and after notice and hearing the court or the judge may make an order for the carrying out of the recommendations of the board, with such modification, if any, as may appear just and proper; and disobedience to such order may be punished as contempt of court. Mr. McCormack approves the provisions of this bill. (51.)

4. *Europe*.—Mr. WILLOUGHBY says that the most of the legislation in Europe relating to arbitration is on the same general lines as the arbitration laws of this country. It provides for voluntary arbitration boards. This is the character of the councils of prud'hommes in France. These courts are frequently able to do away with little disputes and causes of friction such as often cause strikes in this country; yet in France as well as here the parties often prefer to organize arbitration boards of their own. (175, 179.)

B. Working of State boards.—1. *General discussion*.—Mr. FOX, president of the Iron Molders' Union, has found State boards of conciliation and arbitration of little value. They do not possess the full confidence of employers and employees. They can not be acquainted with all the various interests that demand their attention and can not always be competent to give an intelligent decision without the help of experts. (146.)

Mr. LEO, president of the Builders' League of New York, while believing in arbitration, does not believe that State boards are likely to be of great value. The State board of New York has worked hard, but its efforts have been regarded with suspicion on both sides. The party against whom it decides feels that it does not understand the question. The proper way to settle disputes is by arbitration within the trade, arranged between employer and employee. (97, 98, 101.)

Mr. McCORMACK says that the investigation by a State board of the causes of a labor dispute, with publication of the findings, would be of value in throwing the weight of public opinion on the right side of the controversy. Public opinion is perhaps the most powerful factor in such cases. The Indiana law, however, does not permit the board to publish its findings. (60.)

2. *Indiana*.—Mr. McCORMACK thinks that the Indiana board of conciliation and arbitration is of great value to the State, but says that its chief efficiency is among the unorganized and the newly organized workmen. Its work in settling labor disputes is done less by arbitration than by mediation. (52, 53.)

2. *Massachusetts*.—Mr. WHITEHEAD, representative of the Weavers' Progressive Association of Fall River, says that the Massachusetts State arbitration board has done good work, and in some cases has been the means of preventing strikes, and in some cases has been the means of settling strikes that would not have been settled otherwise. The arbitration committee should not wait until a strike occurs and then go in and try to settle it. If there is a dispute of any magnitude the State board ought to be informed and ought to try and effect a settlement. (575.)

Mr. T. O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that the Massachusetts State board of arbitration has in many cases brought about a settlement of labor difficulties, but that it has rarely had anything to do with the settlement of strikes with which the Mule Spinners' Association has been concerned. There is no opposition on the part of the organization to the State board, but it has happened, as a rule, that when there have been any labor troubles in Fall River the matter has been settled by the operatives and the manufacturers themselves. (586.)

C. Board of Mediation and Conciliation, New York.—Bishop PORTER describes the Board of Mediation and Conciliation of New York, of which he is a member. The board was established by Dr. Felix Adler, Mrs. Josephine

Shaw Lowell, President Low, and two or three large employers of labor and two or three labor leaders, together with Bishop Potter himself. The purpose was to interpose in a conciliatory way between workmen and employers. The choice of a name was a matter of considerable discussion. The word arbitration was rejected because of its connection, particularly in the minds of the workingmen, with bodies created by the State. It was desired to exclude the notion of authority. The name Board of Mediation and Conciliation was ultimately chosen. The board has gained the confidence of the workingmen, and its assistance has repeatedly been invoked in strikes. The proceedings are conducted with perfect freedom and informality. The board met at first in a hall of a good deal of stateliness. The workingmen sat on one side and the employers and men like President Low on the other. After a meeting or two Bishop Potter saw that the thing was too stiff and formal, and he became satisfied that the workingmen would never talk freely under such conditions. He said that the next meeting would be held at his house. There they all sat around a table in his study, and smoked and drank coffee, and they were able to get at the bottom of the questions before them. Bishop Potter noticed two tendencies on the part of the employers which he had to contend with—one, to crowd the workingmen when they made statements which were not quite precise, and the other, a certain attitude of condescension or superiority.

Bishop Potter believes that the highest services which this board has rendered have not been the settlement of individual strikes, but the implanting in the minds of the working people of the idea that there are people of influence and character and position in New York who want to see fair play. (1, 2.)

D. Compulsory arbitration.—1. *General discussion.*—Mr. Brooks declares that many practical men have begun to ask for compulsory arbitration, not as a result of study or from any knowledge of the history of the theory of the subject, but as a result of their own experience. He thinks it probable that something like compulsory arbitration will have to be worked out for exceptional cases. (142.)

Mr. McCormack believes that the idea of compulsory arbitration is unpopular with the majority both of employers and employees. He himself is not prepared to advocate a general application of it; he would, however, introduce it in certain contingencies and in certain kinds of employment. A strike on a street-car line or an extended railway system jeopardizes the public welfare in ways which do not appear in a strike in an ordinary factory. These strikes on transportation lines have frequently resulted in the calling out of the force of the State in the form of the constabulary or the militia. The introduction of the force of the State at an earlier stage of the dispute, before the passions of the disputants have been so much aroused, would produce results more beneficial, with less public disturbance. Such intervention of the State would take the form of compulsory arbitration. For the dealing with interstate transportation agencies there should be a national board or court organized under a law of Congress.

For industries in general Mr. McCormack would not advocate compulsory arbitration, but he would approve a law forbidding either party to the dispute to inaugurate a strike or a lockout without undertaking to negotiate with the other party and offering to arbitrate. He would not wish to take away the power to strike; he would only insist that before striking workingmen make an effort to obtain a settlement in another way. It often happens that disputes reach aggravated forms just through mutual misunderstanding which would have been obviated if one party or the other had made a proper effort for negotiation. (50, 51, 54-59.)

Professor Commons finds that the labor people object to compulsory arbitration because they distrust the courts. Some employers feel the same objection. Professor Commons thinks that a distinction should be made between two kinds of compulsion—the compelling of the making of an award and the compelling of the enforcement of it. He believes that it would be practical and desirable to compel the disputing parties to come together and reach an agreement. The fact is that in most cases it would be only a minority on either side that it would be necessary to compel. The majority of employers and the majority of workmen will always be ready to come to an agreement; but if one-tenth of the employers in a trade stand out they can determine the action of the whole. A few employers maintaining unfair conditions can undersell the rest and almost compel them to maintain the same conditions.

The rendering of an authoritative decision by a body outside the contending parties and the enforcement of the decision raise quite other questions. If the decision were against the unions it would mean a compelling of personal service, and that is contrary to our ordinary view of a labor contract. Professor Commons

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is inclined to think that the objection to such a procedure on the ground that it involves compulsory labor is visionary, but any procedure in that direction must be taken cautiously. (46, 47.)

Bishop POTTER regards the element of compulsion in the settlement of labor disputes as an element of weakness. It arouses antagonism. There will certainly be attempts to circumvent a compulsory law, and Bishop Potter has no doubt that they will succeed. A law which is circumvented and made a dead letter is far worse than no law. A law which should insure the offering of arbitration in labor disputes would, however, be valuable. "It would be of great moral value to put a person who was in the wrong conspicuously in the wrong in the public eye."

Strikes are so great an evil, so complete a reversion to barbarism, that Bishop Potter would think it worth while to try even compulsory arbitration if he were convinced that there was only a choice between it and strikes. He would not, however, feel much hope in trying for it. (7, 8.)

2. *Advocated.*—Mr. RIXEY believes that the State ought to intervene to compel arbitration in large classes of labor disputes. Such a strike as the St. Louis street-car strike of 1900 injures hundreds of thousands of people. The same is true of a railway strike. The right of the State to intervene is all the clearer in the case of transportation corporations such as were interested here, because they operate under franchises granted by the State; but Mr. Rixey would not confine compulsory arbitration to cases in which corporations are interested. He would draw a line similar to that drawn in the factory inspection laws. He would say that when a labor difficulty arises in any business in which a certain number of people are employed, arbitration should be required and enforced by public authority. At the same time he would not undertake to compel an employer to remain in business against his will, nor to pay wages which would make his business unprofitable. (66, 67, 71, 72.)

Mr. O'DONNELL is in favor of a law compelling both employers and employees to arbitrate and to abide by the decision of the arbitrators. (572.)

Mr. HARDING, a building contractor, would favor a law putting a penalty upon employers or employees who should inaugurate a strike or a lockout without first attempting arbitration. (110.)

Mr. CROXTON, president of the Boot and Shoe Manufacturers' Association of Philadelphia, would highly approve of "imprisonment or other penalty for anyone who caused a strike or lockout without first applying for arbitration." Yet he speaks elsewhere of compulsory arbitration as "impossible and a contradiction of terms." (331, 333.)

Mr. GOODWIN, a shoe laster, while strongly desirous of arbitration, fears that a law forbidding the inauguration of a lockout or a strike without a previous petition for arbitration would deprive the workmen of some of their rights. Yet, after further questioning, he says: "I think I come around to your way of thinking, now, that it would be right to have a penalty imposed in a case of that kind." (304, 305.)

3. *Deprecated.*—Mr. FOX is strongly opposed to compulsory arbitration. He does not think that the alleged favorable experience of New Zealand, with its much smaller and more homogeneous population, furnishes a sufficient argument for it. He believes that more can be accomplished through education and practical experience in arbitration than by coercive measures. Yet, in the case of a great strike which the public was strongly interested in having settled, such as a railroad or a street-car strike, if the employees had a reputable organization and demanded arbitration, he would be willing that the corporation be compelled to grant it, or that a national board have power to inquire into the workings of the corporation. (146, 149.)

Mr. WHITEHEAD believes in the arbitration of differences by employers and employees, but is opposed to compulsory arbitration. If there is any difference of opinion, the parties directly involved can settle the matter a great deal more advantageously than would be the case if a third party were brought in. If there were compulsory arbitration, it would depend a great deal upon the personnel of the board whether or not justice would be done. There would also be difficulty in finding means to give effect to the decision of the board. (574, 575.)

Mr. COLLINS, a shoe laster, believes in arbitration, and believes that attempts at conciliation should always precede a strike or a lockout. He would not, however, favor any attempt to enforce arbitration or conciliation by law. He does not think that such a law would be of any value against the employers. Existing laws are not enforced against employers except when labor organizations do it. He believes that compulsory arbitration would work exactly as the Philadelphia system works—hand over the affairs of the workmen to their masters. It is easier for the masters to secure the services of the workmen's representatives than to manage the whole number of workmen. (308.)

Mr. O'BRIEN, of the Granite Cutters' National Union, is emphatically opposed to any method of compulsory arbitration. He has not been favorably impressed with the arbitration boards with which he has come in contact. In his opinion there should not be any law to compel a man to leave his employment or change his employment. The employers are generally looking to get an advantage, and in case of compulsory arbitration they would succeed in getting the best end of the deal and the arbitration would be all one-sided. It is not arbitration when there is any compulsion about the matter. Arbitration must be by mutual consent, and nothing is ever accomplished by forcing people.

Elsewhere, however, Mr. O'Brien says that there ought to be a law providing that a railroad company should be deprived of its franchise in case it refused to confer with its employees in cases of dispute.

The law in the State of New York provides for a board of mediation and arbitration, which has the power to summon before it any individual and compel him to answer questions put to him. Through this method it is possible to let the public know who is at fault. That is all the power which the board has, and that is as far as the United States Government should go. (432, 437, 438.)

Mr. LEAKE, a manufacturer of cotton and linen fabrics, does not think it would be wise to try to compel even the holding of a conference between employers and employees unless the question at issue is one involving public franchises. The only difficulty when disputes arise and conference or arbitration is refused is unreasonableness on one side or the other. As we can never know the whole truth, and therefore can never say what is unreasonable, Mr. Leake does not see how legislation will avail. It is impossible to say to a man that he must employ another willy nilly. (277.)

Mr. CHASE, treasurer of the King Philip Cotton Mills, says that he should not favor a law compelling arbitration. He does not believe in the principle involved in it, though an agreement between the parties would be an excellent thing. The State may rightly and justly enact a law compelling arbitration, but the enactment of such a law is not expedient. (559.)

Mr. LAWSON, vice-president of the Builders' League of New York, says that he is in favor of arbitration, but not of compulsory arbitration. He believes that better results can be obtained by the appointment of arbitrators by each side. He would, however, favor a law forbidding the inaugurating of a strike or a lock-out without offering arbitration. (104.)

4. *Compulsory arbitration in New Zealand.*—Bishop POTTER refers to the statement of a man from New Zealand who said to him that the compulsory arbitration law works very well there, but that the social conditions there are very elementary, and that it is extremely doubtful whether such a law would work effectually under the complex conditions of greater communities. Bishop Potter would highly approve a law to provide such mechanism as that of New Zealand without the coercive feature. (3, 7.)

Mr. MCCORMACK, while believing that the New Zealand method of compulsory arbitration is excellent, does not think it could be applied under the conditions of this country. (58.)

Professor COMMONS is disappointed that the New Zealand law has resulted in the settlement of so large a number of disputes in court and so small a proportion outside. He thought that when men knew that they must be brought to a decision by proper authority they would prefer to reach it by conferences between themselves.

New Zealand and all the colonial possessions of England have the advantage over us in such matters, in that the judges are appointed by the Crown and are free from political influence. In this country the trade unions distrust judges who are appointed and the employers distrust judges who are elected. The situation is insoluble under our institutions. (48.)

E. Trade arbitration, negotiation, and joint agreements—

1. *Generally.*—Mr. LEAKE believes that arbitration and negotiation between workmen and employers are most desirable. It is best always for people to get well acquainted with one another. There is always ground of suspicion where there is ignorance. We should always strive to get at the truth; we can get only a little of it at best. But Mr. Leake thinks that a mutual acquaintance can best be brought about by regulation within the trade rather than by legal enactment. No doubt it will be brought about when conditions are ripe for it. (279-281.)

2. *Arbitration.*—Mr. FOX points out that organization of both employers and employees is necessary to permanent arrangements for trade arbitration. No system of arbitration can attain its greatest usefulness unless employers give the organization of their employees full recognition. Employers who desire to abolish strikes are ill advised and illogical if they refuse such recognition. (144, 145.)

Mr. Fox says that members of other national unions are inclined to think his union more favorably situated than theirs because the establishments of the trade can be divided into distinct and homogeneous classes. The homogeneity of the Stove Founders' National Defense Association is believed to have contributed to the smooth working of its agreement with the molders. Yet the agreement with the National Founders' Association, which is a composite organization, has been fairly effective in establishing a uniform rate of wages in the large foundry centers. (148.)

Mr. Fox believes that national arbitration and general wage scales can be introduced in any trade in which competition is general, as in the foundry business. It is not so practicable in trades of local competition like the building trades. (149.)

Mr. JACKSON, secretary of the Slasher Tenders' Union of Fall River, says that the operatives in textile mills have always been in favor of arbitration. There has never been a time when there has been a controversy with the manufacturers in Fall River when the operatives were not willing to leave the question of arbitration either to the State board or to citizens in the town. In every instance in which arbitration has been proposed, however, the manufacturers have refused to arbitrate. (581.)

Mr. O'BRIEN says that the board of delegates of the building trades and the members of labor organizations generally are in favor of arbitration in the settlement of disputes between employer and employee. There is no question but that that is the only system to adopt. In New York the question of arbitration was taken up by the building trades. A committee from the union was appointed to meet with the employers, and this committee practically agreed upon a plan of arbitration. This plan was reported to the board of delegates and submitted to the unions. The unions unanimously decided in favor of arbitration, and the plan was then submitted to the employers. Differences arose as to terms, and nothing came of the matter. (432, 437.)

Mr. McCORMACK is not prepared to assert that one of the two parties to labor controversies—employers or employees—is less disposed than the other to submit to arbitration, though his impression is that the employers accept it less readily. In the one serious instance of such refusal which he has in mind—a mining dispute—it was the employers who refused to make any concessions or to submit to any form of arbitration, though they were only asked to establish the same conditions in their mines which existed in other mines throughout the competitive district, and though the city council of Evansville and the board of trade asked them to submit to arbitration. The result of the conflict in this case was that eight persons were shot; it was never proved by whom. (52, 54, 56.)

3. *Negotiation.*—While Mr. McCORMACK has a high opinion of the value of arbitration in labor disputes, he would prefer settlement by negotiation within the trade whenever that is possible. He suggests that it is often impracticable, because men are not organized and have no machinery to carry it out. (54.)

Bishop POTTER believes in arbitration, provided it is entered into voluntarily, but he believes that friendly negotiation between employer and employee is better. When he has acted as arbitrator he has been sensible that the employers felt that he was meddling with what did not concern him. (11.)

Mr. O'DONNELL says that the manufacturers in Fall River are always willing to meet the representatives of the employees and to consider their grievances. When a question of wages which will affect all the operatives has been at issue, conferences have been held and efforts have been made to settle the trouble without resorting to a strike. These conferences of manufacturers and employees have been of great benefit to the city and have prevented strikes. (568.)

4. *Joint agreements.*—Mr. Fox speaks of the agreement made in 1891 between his union and the Stove Founders' National Defense Association. The essential features of it are that there shall be no cessation of work by reason of any dispute; that the parties immediately interested shall make an effort to adjust their differences; that if this fails the presidents of the two associations, or their representatives, shall try to conciliate and adjust the differences; and, as a last resort, that an adjusting committee, composed of three members from each association, shall finally decide the matter. It has been necessary to call in such a committee only once in 10 years. There has been no strike since the agreement was formed. The union had "had one severe conflict with the association in 1887, which left both sides pretty well sick of fighting," and brought about the agreement.

Among the things which have contributed to the success of this method of adjusting disputes, Mr. Fox names the requirement that the interested parties shall first make an earnest effort to settle their own differences; the fact that when outsiders are called in they are men thoroughly conversant with the technicalities of the trade, and so competent by their own knowledge to reach an intelligent decision; the facts that each side has a wholesome respect for the other's power of

resistance to injustice, and that years of fair dealing and success have produced increasing confidence. The wise policy of the stove manufacturers as to wages has also been of value. The manufacturers recognize that the cutting of wages does not relieve the evils of trade depression, but only intensifies them. Therefore, during the years of depression beginning with 1893, the stove molders' wages were not reduced. When better times came on in 1899, wages were raised 10 per cent, and in 1900 they were raised 5 per cent more. The molders asked for a greater increase each time, but the advances made were satisfactory compromises.

One of the benefits of the agreement is that it produces uniformity of labor cost, so far as practicable, in each competitive district. The country is divided into four districts. In each the hours are uniform, and wages are made uniform so far as practicable. Except in New England, employers outside the association generally follow the association's terms. (144, 145, 149.)

Mr. Fox says that in March, 1899, his union made an agreement with the National Founders' Association somewhat similar to that which it already had with the Stove Founders' National Defense Association. The National Founders' Association is a heterogeneous body. It admits to membership practically all foundry interests except the stove founders. It does not yet represent a majority of the several interests. The diversity of occupation of its members is a drawback to the successful working of its agreement with the molders. Moreover, a considerable number of the members are opposed to recognition of any labor organization and some of them made the mistake of declining to negotiate a settlement with the committees of their men and referring every dispute at once to the association. Many disputes over wages have been satisfactorily adjusted under the agreement, but on the whole it has not worked as well as that with the Stove Founders' Association. At the time of Mr. Fox's testimony a serious conflict between the National Founders' Association and the Iron Molders' Union was in progress at Cleveland, though in other places differences were being treated according to the agreement. (145.)

Mr. STEINBISS, general secretary-treasurer of the National Building Trades Council, is in favor of agreements between workmen and employers, but believes that they should be made by national organizations. He cites the allied printing trades, the metal trades (which are forming a national organization), and the building trades council. He hopes that some time an agreement between the National Building Trades Council and the National Association of Building Contractors can be brought about. (22, 24.)

Mr. Steinbiss believes that even local arbitration agreements ought to be made between bodies as large and centralized as possible. He suggests that in St. Louis the Manufacturers' Association, the Business Men's League or Mercantile Association, and the Building Contractors' Association, comprising the employers in nearly all industries, and the Building Trades Council, the Central Trades and Labor Union, and the Union Labor League might establish a board of arbitration by appointing each a member, so giving three to the employers and three to the employees, and letting the State labor commissioner be a seventh member. (29.)

Mr. Steinbiss says that the obstacles to the formation of agreements between employers and employees have come in most cases within his knowledge from the contractors. A conference board was established in St. Louis, but the contractors insisted that the members of the unions should agree to work for none but members of the contractors' association, and that the unions could not agree to. (22, 33.)

Mr. McCORMACK says that he finds an increasing appreciation among employers of the value of labor organizations, and of definite agreements with them as to wages and conditions of work. When the annual settlement has been made, the employer is left free to devote his attention to the other features of his business. He is able to take contracts, reckoning upon a definite and certain basis of cost; and when an association of employers deals with an association of workmen and arranges common conditions each employer is able to feel that he is meeting his competitors on a equal ground. (60.)

Mr. HARDING, one of the board of managers of the Builders' League of New York, says that his organization would be glad to have an agreement with the journeymen carpenters of New York. The advantage would be not so much in better feeling with the men as in putting the members of the league in a better position to compete with employers outside the organization. The existing condition of things under which every employer in New York hires carpenters at any rate that he can make, is of advantage to small employers, who are able to pick up journeymen at low wages. The majority of carpenters in New York City are getting less than they would get under a fixed agreement, but the advantage does not go to the men who take large contracts, neither does it go to those who have building to erect. Though wages may be low to-day, the contractor would hardly take

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the risk of counting on these wages in estimating on a contract which could not be completed till some months hence. Indeed, the ability to know what work will cost at a future time is one of the great advantages which employers find in definite agreements with labor organizations. A large building may take 18 months to complete, and the carpenter work may hardly be begun until within 2 months of the end; but the contractor has to figure on it when the general contract is given out. Under such conditions as now exist in New York City no one can tell what the work will cost when the time comes to do it. The employers who do such work would be far better off if they had agreements with their men fixing wages definitely for at least a year ahead. (118, 114.)

Mr. HOURWICH says that the cloak-making trade in New York is a season trade, which has two seasons of activity during the year. Contracts are made between employers and workmen for each season; that is, twice a year. Sometimes they are made between the employer and the union. Sometimes they are made with individual workmen; but this is very unsatisfactory for both sides. Where the union does not intervene, the employer is likely to call a shop meeting and tell the hands to select a committee to arrange the rates of pay. It is all piecework, and the workmen have to go over the different styles and agree upon a price for every garment. The workmen have practically no means of enforcing these contracts except by strikes. The state of the law is such that it gives the union no redress if an employer cuts wages in violation of the contract and locks out the men to enforce the cut. (151.)

IX. BUILDING AND LOAN ASSOCIATIONS.

A. Development.—1. *Origin.*—Mr. ADDISON B. BURK, editor of the Philadelphia Public Ledger, says that the building association grew out of the custom of home ownership which had become firmly established in Philadelphia under the influence of the ground-rent system, which had been inaugurated in the early days of the city. By that system a man without capital could buy a tract of land on ground rent and erect his house upon it. The improvements which he made belonged to him absolutely, and he obtained the benefit of any increment in the value of the property. As the city grew in population land increased in value, and it became increasingly difficult to buy lots upon ground rent. It was then that building associations were formed. (596.)

2. *Growth.*—Mr. BURK says that the first building and loan association established in the United States was formed in 1837, in Frankford, which is now a part of the city of Philadelphia. There are at present 1,300 such associations in Pennsylvania, with assets of \$113,000,000, and 5,485 such societies in the United States, with 1,496,264 members, and assets amounting to \$575,217,903. The national associations are not included in these figures. (597, 598.)

3. *Different systems of organization.*—Mr. BURK says that there are two kinds of building associations in existence, one kind operating under what may be called the Philadelphia plan, and the other kind operating under what may be called the Dayton plan. The main difference is in the fact that the societies operating under the Dayton plan are large societies with a complex system of government, while the societies operating under the Philadelphia plan are, for the most part, small organizations, composed of members who know each other personally, or by reputation, and having a simple system of government. Usually the meetings are held in the evenings, monthly, and the officers serve either without pay or for nominal salaries. The business of the societies operating under the Dayton plan is carried on like that of a bank with salaried officers, who devote all their time to the work of the society, have offices open every day, and have clerks and other assistants. There is no objection, from a financial standpoint, to having skilled managers who are paid a salary, but the value of the association as a fraternal organization is lessened. The salary paid to the treasurer, or other salaried officer in the case of associations operating under the Philadelphia plan, is seldom more than \$300 to \$500 a year. In some instances one man is secretary of more than one association, and there are men who act as officers of a number of societies, who devote their whole time to the work of these societies.

There has never been a case in Philadelphia where a man, acting for more than one society, has used the funds of one to make up his accounts in the other.

The members of the building associations in Philadelphia are almost entirely Philadelphians. There is an objection to an association that has members living all over a State, because in such case the members could not meet together monthly. Financial success is quite possible for a State or national society, but such societies can not have the fraternal spirit which can be had in a purely local association. (598, 599, 600.)

B. Methods of business.—1. *Payment of premiums.*—Mr. BURK says that at the beginning the building and loan associations loaned money below the market rate, and that consequently their money was at a premium. Notwithstanding the premium, however, money could be obtained from them on more favorable terms than a similar amount could be obtained from a savings bank or other lender. There are a great many different plans of premium followed by different building associations. The most common method in use in Philadelphia is the method by which the premium is deducted from the amount of the loan; that is, the gross premium plan. For the last 5 or 10 years there has been no premium paid in the case of the Philadelphia societies, so that practically it makes no difference what the plan is. The laws of Pennsylvania do not require the payment of a nominal premium, as is the case in Massachusetts. The question of premium is a matter of very little importance, provided a member stays in the society for the whole term. Things are evened up, whether he pays a large or a small premium. (590, 600, 601.)

The trust companies are now competitors of the building associations and loan money on the same terms, but the building-association loan is still preferable, because, in case a borrowing member meets with misfortune, his fellow-members will do all they can to tide him over his difficulties, and the society will not foreclose his mortgage if it can possibly avoid it. (596.)

2. *Maturity period.*—Mr. Burk says that the average maturity period of building and loan associations at present is about 12 years. There used to be for the early series of the associations a shorter maturity period. The higher the premium the shorter the maturity period. A rate of earning of 7 per cent is necessary to mature a share of stock in 12 years. It is quite probable that building associations will be obliged in the near future to reduce their rates of interest. In that case the period of maturity will be lengthened. (600, 603.)

3. *Series of stock.*—Mr. Burk says that where stock is issued in series by the building associations the several series are assumed to be partners in the concern, the profits are divided according to the partnership plan, and the profits paid to each series are based on the total amount contributed by each. (603.)

C. Influence on industrial life.—Mr. BURK says that building associations have unquestionably had a great influence in preventing labor disputes and strikes and in preventing a resort to violence when strikes have taken place. Their whole tendency has been to make the relations between capital and labor cordial. Many of the members of the associations buy the houses in which they live, and they will not engage in a strike, except upon great provocation, for they do not want to give up their homes to go to another locality. Membership in these associations also gives a certain business training. The members learn to keep accounts, and obtain what might be called a practical knowledge of the value of money. The building associations have also tended to do away with socialism among workmen, and therefore such associations are greatly encouraged by employers.

The building associations in Philadelphia have been a factor in making that city a city of homes. The members of the associations scarcely ever build their own houses, but, as a rule, buy houses already built. In Philadelphia the kind of houses most in demand are those which cost about \$2,500. For that amount a house containing 6 rooms and a bathroom can be bought. In the early days the building associations were formed for the express purpose of enabling members to erect their own houses, but now the members find it a great deal better to loan their money and buy their houses where they please. Practically, the building associations are to-day loan associations with mortgage securities, and the members are investors rather than borrowers. At the present time the building associations yield a larger return on investments than do banks or trust companies, although in recent years the fall in the value of money has led the trust companies to follow the methods pursued by the building associations.

It is still the ambition of workmen to own their own homes. The development of trolley lines has made it possible for people to live outside of the city limits, and consequently the value of property within the city has fallen, and there are more houses for rent. (595, 596, 599, 602, 603.)

D. State supervision.—Mr. BURK says it is his opinion that the best thing which the State legislatures could do would be simply to authorize the organization of building societies, and then to let them alone. Governmental inspection of any sort is a disadvantage. If a society is managed by its own directors, the stockholders will look after it and see that it is honestly managed. If the State inspects its affairs, the stockholders will feel no responsibility. The demand for State inspection came from politicians who wanted an office. (600, 601.)

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X. BUILDING TRADES.

A. Organizations of employers and contractors.—1. *Builders League of New York City.*—Mr. LEO, president of the Builders' League, New York, says that this organization was formed about 1894. It is composed of employers of labor in the various building trades of New York City. About 800 firms and individuals are members of it, of whom perhaps 50 or 60 are general contractors. This is probably 25 or 30 per cent of the general contractors in the city.

About the same number of employers of this class belong to another organization—the Builders Club. Nearly all the members of the Builders' League are also members of the masters' organizations of their own trades. The dealings between organizations of workmen and organizations of employers are generally conducted by the trade organizations separately, rather than by the Builders' League on the one side and the Building Trades Council on the other. (95, 96, 99.)

Mr. HARDING, a building contractor, says that while the Builders' League may not include more than 25 or 30 per cent of the general builders of New York City, its members are the large contractors and do 60 or 75 per cent of the work. There is another organization—the Building Trades Club—which has more of a social character and is much less active in trade matters. Some men are members of both organizations. (106, 107.)

Mr. O'BRIEN, of the Granite Cutters' National Union, says that the members of the Builders' League of the City of New York are for the most part speculative builders. They tried at the outset to get men at lower rates of wages than the regular scale. They find it hard, however, to obtain men. Many of these speculative builders buy a property covered by a mortgage. During the process of building they get as much money as they can under the builders' loan. Then they fail to pay the workmen, the mortgage is foreclosed, the property is bought in by some stool pigeon, and the workmen lose their wages. Most of this speculative work is done in the upper district of New York City, and the houses built are for the most part poorly constructed. (426, 427.)

2. *Mason Builders' Association.*—Mr. O'BRIEN says that the legitimate organization of the builders of the city of New York is known as the Mason Builders' Association. The members do not build on speculation, but take a contract to build an entire house for the owner. Then they generally do the mason work and sublet the iron work, stonework, and plastering to members of the United Building Trades. (427, 431.)

3. *Cooperation of employers' organizations.*—Mr. LEO states that when labor difficulties arise a meeting of the Builders' League is called and steps are taken to assist the members who are in trouble by furnishing nonunion men or otherwise. In the latest instance the journeymen plasterers demanded, among other things, the privilege of selecting their own foreman. The great majority of the employing plasterers refused. The members of the Builders' League work for the most part in the upper portion of New York City, and the Master Plasterers' Association has its headquarters in the lower part of the city. In previous disputes, if there was a strike in the plasterers' trade in the lower part of the city the men in the upper part kept at work and supported the strikers. In this case the Builders' League determined to support the Master Plasterers' Association by laying off their plasterers until the trouble in the lower part of the city should be settled. The strike was over in 2 days. (96.)

4. *Organizations of employers opposed by organizations of employees.*—Mr. STEINBISS, general secretary-treasurer of the National Building Trades Council, states that the building trades unions are coming to feel an opposition to agreements with contractors' associations, because the contractors insist on a provision that no member of the union shall work for anyone except a member of the contractors' association. There are breweries and hotels and other large establishments which are obliged to keep a force of men, and such an agreement compels these establishments either to give their work to contractors or to employ nonunion men. Moreover, contractors' associations usually contain only a fraction of the whole number of contractors in a place, and the smaller contractors outside are compelled to get nonunion men. Further, when an association of contractors has got such an agreement with the unions, it will form a combination with the material men, and become a most dangerous trust, extorting such prices as it pleases from the public. An agreement of this character now exists in St. Louis between the bricklayers and the contractors, and it has been indorsed by the Building Trades Council. There is a contractor in the city who has been recognized for years as one of the best friends of union labor. He is a stonemason contractor doing general building. The master bricklayers' association has made a law that none but practical bricklayers shall be members of that association. This law, together with the agreement with the bricklayers' union, deprives this fair con-

tractor of union labor. The Building Trades Council feels the injustice of the situation, but can not escape from the contract it has sanctioned. The witness does not believe such an agreement will ever be indorsed by the council again. (23, 24.)

B. Labor organizations.—1. *National Building Trades Council.*—Mr. STEINBISS states that the National Building Trades Council was formed in December, 1897. It is a delegate body, composed of representatives of local building trades councils and representatives of national unions of workers in the building trades. The national organizations at present affiliated with it are the electrical workers, the painters, the sheet-metal workers, and the steam engineers. Each national union pays only \$10 a year to the National Building Trades Council, but the council has power to levy an assessment of 5 cents a member a week to support a strike or a lockout. The local building trades councils in 24 cities, chiefly in the West, are affiliated. Jersey City, N. J., and Worcester, Mass., are the only Eastern cities so far included. The organization has made little effort to extend itself. It has no paid organizers, and has only recently appointed volunteer organizers. The aggregate membership of the affiliated bodies, local and national, is about 350,000. The convention meets once a year, and the general executive board directs the affairs of the organization between conventions. The executive board consists of the president, the secretary-treasurer, and 6 vice-presidents. The tendency of the body is toward increasing the power of the executive board.

Among the objects of the body, as stated in the constitution, are the encouragement and formation of building trades councils and local unions, the closer amalgamation of building trades workmen, the establishment of the eight-hour day, the abolition of the contract system on public work, the equalization of wages in the different building trades, the introduction of a national working card, the establishment of a better feeling between employer and employee, and the securing of legislation in the interest of workers in the building trades. The constitution also declares the abolition of strikes or the reduction of them to a minimum to be one of the main objects of the organization. It also requests all local building trades councils to establish conference or arbitration boards with associations of master builders wherever practicable. By an amendment adopted by the last convention, the general executive board was directed to act as an arbitration committee in case of a strike or lockout when called on to do so by a local building trades council or an affiliated national body. The principle of the organization is local autonomy, yet Mr. Steinbiss believes that authority will be given to the general executive board to try to settle any dispute in which an affiliated body is engaged, and to withhold financial support unless an opportunity to effect a settlement is offered to it. Mr. Steinbiss thinks that if the Chicago building trades council had submitted its dispute with the employers in 1900 to the National Building Trades Council a settlement would have been reached. (12, 18, 18-20, 24.)

Mr. Steinbiss declares that it is not the policy of this organization to boycott unions which are not affiliated with it. The carpenters in St. Louis have at times been outside the Building Trades Council, and yet the council has even aided them in their grievances. (22.)

Mr. Steinbiss says that the council asks contractors and real estate men and architects and builders to employ none but men in possession of the Building Trades Council working card. This card is issued by the national organization and from the office of its secretary. Each affiliated local building trades council must take out this working card for all its members in good standing. Possession of the card shows that a man has paid his dues to his own organization and is a member of it in good standing. The members may also be obliged to hold the dues cards of their own unions, according to their union laws; but wherever the National Building Trades Council has jurisdiction its card is the only working card recognized. (16, 19; 21.)

Mr. Steinbiss states that the local building trades councils in the various cities are organized on substantially the same plan. They differ with regard to the number of trades included and the number of representatives from each trade. Every trade, large or small, has regularly the same representation, and Mr. Steinbiss believes that this plan of treating each organization as a unit is the right plan for such federal bodies. In St. Louis there is a board of business agents, which is also a board of arbitration. It meets every day at 4 o'clock. The members are elected and paid each by his own union. In their daily meetings they make reports and decide what shall be done by their board. This board reports weekly to the Building Trades Council. The board of business agents is placed distinctly under the jurisdiction of the council. This was found to be necessary, because in New York at one time the board of walking delegates was an entirely separate body, and was able to control the situation without reference to the desires of the Building Trades Council. Mr. Steinbiss believes that the

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constitution of the Building Trades Council of St. Louis has been the model for nearly all the councils that have been formed in other cities." (13-15, 20.)

3. *Board of Delegates of Building Trades.*—Mr. O'BRIEN, of the Granite Cutters' National Union, says that the Board of Delegates of Building Trades was formed for the purpose of bringing the members of the different organizations in the building trades into closer affiliation. The representatives of labor who are members of the board of delegates have power to act for the organization which they represent between meetings. They must be given that power before they are admitted to the board, and they are governed by a constitution and by-laws which are submitted to the organizations for their approval. When a grievance is presented it is the duty of the delegates, having men working on that particular piece of work to investigate the grievance. At least 90 per cent of the grievances reported are adjusted through committees without any trouble. The majority of the local organizations have yearly agreements with their employers, fixing the rate of wages and conditions generally. In case of the infraction of a rule by a union the matter would come before the board of delegates. From 27 to 30 trades are represented in the board.

If a case were found in which members of the union were violating rules, the delegate representing that particular trade could order a strike in that trade. If the assistance of other trades were desired, a grievance would have to be put into the hands of the board of delegates in the regular form. It is very seldom that men are ordered on a strike until every honest means has been taken to adjust the difficulty. The delegate is supposed to see that the working rules are all complied with, and in case of any dispute is supposed to interview the employer and adjust matters if possible, acting at all times under the instructions of the organization which he represents. In former years it was found that where an individual workman presented grievances to his employer, he would, in nine cases out of ten, be discriminated against sooner or later. Now, when a representative of the organization deals with the employer, it is impossible to discriminate against individual workmen. The delegate is inclined to be conservative in his action because he wants to be in a position to show that he was justified in doing as he did. Otherwise a new delegate would be appointed. Every precaution is taken to avoid a strike, and one is ordered only as a last resort.

When there arises any dispute between two organizations concerning the question of jurisdiction, the difference is arbitrated by the appointment of representatives from each side to consider the point at issue.

To a certain extent, a delegate who does his duty, finds it very hard to secure employment. A large number do find employment, however. It is not necessary for the representative of a labor organization to become an object of antagonism on the part of employers. (423, 424, 430.)

8. *Attitude of employers.*—Mr. STEINBISS says that the best builders and contractors are friends of the organizations of the building trades workers. The unions give them better mechanics, and they prefer to deal with a committee rather than every Tom, Dick, and Harry. The large contractors are also favorable to the central delegate bodies, called councils. It is the small contractor, "the man who hires and picks up anyone on the street that works for cheap wages," who opposes the councils and the unions. (15.)

Mr. LEO says that neither he nor his organization has the slightest objection to organized labor. (101.)

C. *Relations of employers and employees.*—*Negotiations in the carpenter trade.*—Mr. HARDING gives a detailed account of the negotiations between the Master Carpenters Association and the Brotherhood of Carpenters in New York City in 1899 and 1900. Up to September, 1899, carpenters received \$21 a week for 48 hours' work. In that month the workmen presented a demand for \$23 a week for 44 hours' work, with absolute prohibition of work between 12 m. and 5 p. m. on Saturdays. The manufacturers considered this last demand particularly unreasonable. They were willing to give the Saturday half holiday, but they thought they should be permitted to do work on Saturday afternoons by paying double for it. They have this privilege on Sunday and at night. In the office-building section of the city it is often necessary to make repairs and alterations between the time when the offices are vacated on Saturday afternoon and the time they are occupied on Monday morning. For such purposes Saturday afternoon is invaluable.

A committee of the Master Carpenters' Association met a committee of the workmen and made a temporary agreement for wages of 40 cents an hour for a Saturday half holiday, and for an arbitration committee to settle other points of difference. The representatives of the union which agreed to this compromise said that they had power to settle the dispute; but the day after the agreement

was signed the manufacturers received word that the committee had no such power; that they had signed the agreement on their own responsibility, and that the original demand would be lived up to. Finally, on October 4, the master carpenters yielded.

No definite time was fixed for the continuance of the agreement which was thus formed, and it was therefore liable to be abrogated at any time. The master carpenters asked the journeymen to appoint a committee of arbitration to arrive at some amicable understanding whereby yearly agreements could be made. A committee was formed, and from February 15 to August 15, 1900, the master carpenters tried to effect an arrangement. The journeymen did not keep their appointments. A day would be set for the conference and the committee of the journeymen would not appear. When the masters asked the reason, an entirely new committee would come with new propositions. Finally, on August 15, 1900, the Master Carpenters' Association passed resolutions declaring that it was inexpedient to hold further conferences with committees from the brotherhood until such committees should have full power to act on the matters under consideration, and declaring further that the agreement made on October 4, 1899, was terminated and of no effect on and after August 20, 1900. So at the time of Mr. Harding's testimony, November 15, 1900, no agreement existed between the master carpenters and the journeymen in New York City. Every employer hired carpenters on such terms as he could make. (110-118.)

D. General conditions of labor.—Wages of bricklayers.—Mr. LEO says that the present wages of bricklayers in New York are 55 cents an hour, and that he questions whether they ought not, in fairness, to be 60 cents an hour. Their wages would then be equal to only 80 or 85 cents an hour for steady work. The weather does not let them work over half the time. The work is hard and often dangerous and ought to be well paid. (98.)

E. Legislation relating to building trades.—Mechanics' liens.—Mr. O'BRIEN says that labor organizations in the State of New York have tried to secure an amendment to the mechanics' lien law, providing that persons lending money on property should be obliged first to ascertain whether or not there were any claims for wages against the property. Many of the contractors and the persons who loan money stand in opposition and prevent the payment of the men who furnish material and labor. (436.)

XI. STONE AND GRANITE CUTTING TRADE.

A. Granite Cutters' National Union.—Mr. O'BRIEN says that the Granite Cutters' National Union was formed in 1877. The organization has complete jurisdiction over all the granite work in the United States. Each local branch makes its own rate of wages, but the rate is under the supervision of the national organization, or executive board, which is composed of the national union officers. About 98 per cent of the granite cutters in the country belong to the association, which has about 16,000 or 17,000 members. All the money is centralized. The local organizations are allowed a certain amount for legitimate expenses. The rest is all sent to headquarters. When there is a strike which has taken place with the approval of the union, the funds of the national organization are drawn on to pay the strike benefits. Many of the branches have a local fund raised by local assessments. The union is affiliated with the Board of Delegates of the Building Trades and with the Central Federated Union of the City of New York. (422, 431.)

B. Relations of employers and employees.—Mr. LEO says that there was harmony in the stone-cutting trade in New York for 8 or 10 years, up to about 1897. At that time there was a strike over the proposal to change the time of making the annual agreement. New agreements were customarily made on the 1st of May. At that time of the year the yards are full of work and the employers can not afford a contest. They wanted to make the agreement expire in February, when work is slack. After a strike of 10 or 12 weeks, the Master Stonecutters' Association yielded completely, and in addition, paid about \$12,000 in fines into the treasury of the union. (97, 98.)

C. Apprenticeship.—Mr. O'BRIEN says that a system of apprenticeship has been adopted by the granite cutters. In New York 1 apprentice to 10 men is allowed. In some other localities there is a more liberal allowance, and in some the allowance is less liberal. The sons of members of the union have been allowed to become apprentices even in cases where the employer has had his regular allowance. There are no subdivisions in the granite-cutting trade. All the workmen are called granite cutters, no matter what class of cutting they do. (429, 430.)

D. General conditions of labor.—1. *Wages.*—Mr. O'BRIEN says that the wages paid to granite cutters are usually based on time and not on piece work. The wages in New York are 50 cents an hour for an 8-hour day. The wages used to be \$2.75 a day for 10 hours' work. Wages do not make so much difference if the trade is thoroughly organized, as in that case all the employers have to pay the same wages. In the New York union there has been no change of wages in 8 years. When a change is to be made, a committee on the bill of prices is appointed from the union. After the members of the committee have agreed among themselves, they report to the local organization. If that approves, the scale is sent to the national officers. If they consider the scale all right, it is submitted for vote to all the unions in the country. The members of the union are more competent than are the employers to make out the bill of prices. (425, 426, 431.)

2. *Hours of labor.*—Mr. O'BRIEN says that the hours of labor for granite cutters are uniform all over the country, and a day's work consists of 8 hours of labor. When the demand for 8 hours was made, a committee was appointed by the union at large. This committee drew up a section, which was embodied in the constitution, providing that none of the members of the Granite Cutters' Union should work more than 8 hours a day. The employers were notified of the change in 1897, and told that it would go into effect after March 1, 1900. They were thus given 3 years to get accustomed to the change. The granite cutters have become more proficient all the time, so that now more is accomplished in 8 hours than formerly was accomplished in 10 hours.

The adoption of the 8-hour system gives occupation to a greater number of workmen. The Saturday half holiday would have the same effect.

In the State of New York there is a law providing that in all public employment 8 hours shall constitute a day's work. The law has worked well, and the superintendent of public works in the city of New York says that he would not care to go back to the old system, but thinks that the work is done much better under present conditions. (422, 425, 429, 434.)

E. Legislation relating to granite cutting.—Mr. LEO states that the so-called Tobin law enacted in New York in 1893, requiring that all granite used on municipal or State work in New York shall be dressed at the place where it is used, has almost stopped the use of granite for such work. There is not demand enough in New York city to justify the introduction of machinery for the turning of heavy columns and the like, and it is, therefore, impracticable to conduct the dressing of such pieces on the ground. (87.)

Mr. HARDING says that there are certain pillars and columns in some large buildings which no machinery in the State of New York can handle. The result of the law forbidding the use of any granite finished outside of New York State for municipal or State work, therefore, is that some other stone has to be used in place of granite. Mr. Harding has heard it said that the granite used in one addition to the museum of Central Park cost over \$100,000 more than it need have cost if it had been cut outside the State. (108.)

Mr. O'BRIEN says that the Tobin stone-dressing law in force in New York, and providing that in all work done for the State the stone used must be dressed within the boundaries of the State, has been quite beneficial. The people of the State are entitled to the benefit of the work which is done for the State. The law has, to a certain extent, led to the lowering of the cost of dressing stone. In the Eastern States the wages are such that a man is not encouraged to do any more in the course of a day than he is obliged to do. It has been found that since the law went into effect the dressing of stone has not cost more than it did before, and the State has had the benefit of having the money kept in circulation within the State. (427, 428.)

XII. POTTERY TRADES.

A. Development of the pottery industry.—1. *Generally.*—Mr. WILLIAM BURGESS, president of the International Pottery Company, says that as early as 1765 a pottery was established in South Carolina, which was of sufficient importance to cause alarm among the then well-established potteries of England. From that time on a number of attempts were made to establish potteries, but it was not until 1863 that the industry became of any commercial importance. From that time until the Centennial Exposition the business steadily increased in magnitude, and the quality of the wares rapidly improved. The exposition of 1876 gave, perhaps, the greatest impetus to the industry, as it acquainted the world with the possibility of this country's resources, and revealed to the manufacturers their own latent possibilities. At that time little decorated ware was being made. The demand for decorated goods, however, increased so rapidly that one manufacturer after another found it necessary to establish a decorating department.

Soon after the establishment of decorating departments came the development of the so-called sanitary wares.

The largest pottery manufactory is situated at East Liverpool, Ohio. That factory makes a number of different kinds of goods. It makes a very fine grade of hotel china; it makes semiporcelain goods, white granite, C. C., yellow, and Rockingham wares.

The Ceramic Art Pottery, of Trenton, N. J., makes goods of the very finest grades. They are beautiful and high priced. The Rookwood Pottery, of Cincinnati, makes an entirely different line of goods, which are exquisite in finish. American potteries are to-day, in fact, making, in all lines of clay products, wares equal in quality and variety to the very finest made in any part of the world, except that, perhaps, they do not make china which is equal in quality to some of the best grades of French china.

During the last half century the pottery business has developed from almost nothing to a business in which there is invested some \$18,000,000, and which employs 20,000 persons. The principal center of the industry is Trenton, N. J. (604, 605, 606, 608, 609.)

2. *Manufacture of sanitary wares.*—Mr. JOHN A. CAMPBELL, general manager of the Trenton Potteries Company, says that the manufacture of sanitary ware in the United States was first attempted in 1872. Previous to that time all sanitary ware was imported from England and Scotland. At the present time, such advance has been made in the industry that there are practically no importations of sanitary ware, and American manufacturers are exporting their goods in increasing quantities to all parts of the world. The sanitary articles manufactured in this country conform to the latest sanitary regulations, and are far superior in design and utility to those produced in any other country. Furthermore, improvements are constantly being made, and the industry is keeping pace with the general demand for the highest sanitary appliances known. The vitrified sanitary china and earthen ware manufactured in the United States is the very best article of its kind in use.

Solid porcelain goods, which are also classified as sanitary wares, and which are made of fire-clay ware with a white lining and glaze, were manufactured in this country as far back as 1880, but only comparatively small articles were made. The first successful attempt to make solid porcelain bath tubs was made in 1893. At that time few solid porcelain bath tubs were used in this country, and all those used were imported. At the present time, American manufacturers not only control the American market, but are exporting these goods to European countries. The price has been reduced at least 50 per cent, so that now these goods are within reach of people of moderate means, and a solid porcelain bath tub can be bought for about 40 or 50 per cent more than the cost of an enameled iron one.

The output of sanitary wares in this country runs from \$2,000,000 to \$3,500,000, and there are about 1,500 or 1,800 persons employed in the industry. (624, 625, 629.)

3. *Manufacture of tiles.*—Mr. ALFRED WILLSON LAWSHE, secretary and treasurer of the Trent Tile Company, says that the tile business is the youngest of any of the clay industries in the United States. Practically, it is only 20 years old. Between 1876 and 1880 a few tile factories were built in this country, but the English manufacturers controlled the market. In 1880, at an exposition held at Crewe, England, an American tile manufacturer was awarded the gold medal over the English and Continental manufacturers. That incident gave an impetus to the tile business in this country. Architects throughout the country began to think that American products were better than the foreign products. Soon the Trent tile plant was erected at Trenton. As soon as American manufacturers began to put their goods on the market, however, the importers of foreign goods decreased their prices. At that time, because of a difference of classification made by different appraisers, imported tiles paid only 20 per cent duty at New York and Philadelphia, while they paid 45 per cent at Boston. The matter was brought to the attention of the Secretary of the Treasury, and the duty was fixed at the uniform rate of 45 per cent. From that time on the industry has steadily grown until now there are 18 factories in this country. There are probably three or four million dollars invested in the business, and some 2,500 people are employed. The Trent Tile Company employs 285 hands, about 70 per cent of whom are women and children, the children being over the age of 15 years.

At first only embossed tiles were manufactured. These have gone out of favor now, and plain enameled tiles are now manufactured for the most part. When the demand for sanitary goods came a nonabsorbent tile began to be produced. The prices of white tile and the prices of white marble are about the same, but white marble is not as good a ware for sanitary purposes because it is absorbent, while a fine vitrified tile is absolutely nonabsorbent. If there is any white marble which is nonabsorbent it is probably so high priced that it can not be advantage-

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ously used. One of the grievances of the tile manufacturers is that the Government uses marble almost to the exclusion of tile. England, on the other hand, tiles all of her Government buildings. There is not any artificial marble made that will stand the abrasion that a tile will stand.

The same materials are used in the manufacture of tiles as are used in the manufacture of ordinary pottery and china ware. The materials are ground to a flour. The flour is sifted into a box and then pressed. After being pressed into shape, the tile is bisque-fired in one kiln and then gloss-fired in another.

To-day American manufacturers are selling 90 per cent of all the tile sold in the United States. It is the opinion of manufacturers that American tiles are superior to foreign-made tiles. (630, 631, 632.)

4. *Facts favorable to development.*—Mr. BURGESS says that the high premium on gold during the Civil War was a great aid to the development of the pottery industry. The natural resources of the country have aided greatly in its development. The bulky nature of the cheaper grades of goods and the length of time which necessarily elapses between the placing of an order with foreign manufacturers and the receiving of the goods have worked in favor of the development of the American industry. The Centennial, the New Orleans, and the Chicago expositions, by showing the possibilities of American manufacturers, aided the growth of the industry in this country. The information obtained by the Tariff Commission of 1893 gave to legislators some idea of the extent and value of the industry and brought about the enactment of tariffs which were protective. The demand for more artistic and costly goods, which has been created by the increased wealth of the country, has been met by American manufacturers, and so has aided the growth of the industry. The opening of ceramic art schools in recent years has been of great assistance in the production of superior grades of ware, and the growing feeling among the people that goods of American make are desirable, together with the real merit of the goods produced, has been a great stimulus to the business. (606.)

Mr. CAMPBELL says that the progress made in the manufacture of sanitary wares is due to the fact that the protective tariff has made experiments possible and that manufacturers have persevered in making experiments. It is due also to the skill and progressive workmanship of the employees. (625.)

Mr. WILLIAM CLAYTON, representative of the Jiggermen and Dishmakers' Union, says that the pottery industry would be very much assisted if the Government would appoint men trained in the pottery business to investigate various sections of the country where materials suitable to the pottery industry may be found, in order that, if possible, American manufacturers may be relieved from the necessity of having to depend on England for any of the clays which are necessary in the manufacture of pottery. The Government could further assist in the development of the pottery industry by encouraging the establishment of technical schools in which students may be trained in the arts and sciences which apply to the pottery industry. In Europe schools of this character have been established and are encouraged by government patronage and assistance.

The duty on china and earthen ware should be a compound of specific and ad valorem duties, and the tariff law should be made more perfectly operative by the appointment of a larger number of inspectors who are thoroughly practical and well acquainted with the pottery industry. Inspectors should be appointed at pottery districts in foreign countries, as well as added to the customs officials in this country.

Freight discriminations should be done away with through remedial legislation, and rates should be made uniform. (636, 637, 638, 640.)

5. *Facts unfavorable to development.*—Mr. BURGESS says that the want of adequate government protection has been the feature which has been most unfavorable to the development of the pottery industry. It is only in recent years that the pottery business in this country has been considered a factor worthy of much governmental attention. The wages in the pottery industry are much higher in this country than in Europe, and the rate of duty imposed upon foreign goods, though seemingly large, has never been commensurate with the difference in wages. Another fact which has operated against the pottery industry is that it requires a large amount of capital to start a plant on a paying basis. Furthermore, there is a lack of skilled labor and of men of artistic education and taste. The want of technical schools has retarded the growth of the industry. The general tendency on the part of the American people to think that imported articles are superior to domestic products has been one of the most difficult obstacles to overcome. The greatest of all setbacks in recent years was the enactment of the Wilson tariff law, which gave the industry such a stunning blow as to paralyze it for years. (606.)

Mr. CLAYTON says that American manufacturers are obliged to import certain

grades of clay which are necessary to the production of crockery ware from England; that almost every manufacturer in this country is obliged to use these clays, and that no substitute for them has as yet been found in this country. The lack of technical schools is also a handicap to the pottery industry, and discriminations in freight in favor of foreign manufacturers act as a great drawback. Railway companies acting jointly with steamship lines are carrying goods from the seaport to inland points at a rate considerably less than is charged the home manufacturer to the same points. For instance, goods can be sent from Liverpool, England, to San Antonio, Tex., for 40 cents a hundred, while the rate from Trenton to San Antonio is 98 cents a hundred. On January 1 of last year the official classification of a number of articles was raised, and this has been a disadvantage to the pottery manufacturers. Defects in the present tariff law act also as a drawback to American manufacturers. The ad valorem duty makes undervaluation possible. The largest foreign shippers of china and earthen ware to this country have their own agents here to whom they ship goods, and in cases like Germany, where no oath is administered by the consul, the manufacturer may invoice his goods at any price he chooses, and take his chance of a revaluation at the port of entry. Under the present system it is possible for what is known as "stuffing" to prevail to a great extent. Stuffing means that a manufacturer, who is packing hollow ware for export, incloses in the hollow ware finished articles which do not appear in the invoice, and which are of much greater value than the goods which do appear in the invoice. In Germany there is in existence what is known as "omnibus" invoicing, which means that goods are lumped together and no descriptive invoice made out. (636, 637, 638, 639.)

B. Conditions of capital and business.—1. *Trenton Potteries Company.*—Mr. CAMPBELL says that the Trenton Potteries Company was formed by the consolidation of five plants engaged in the manufacture of sanitary wares. Since the formation of the company one additional plant to manufacture solid porcelain goods has been erected. The company is capitalized at \$3,000,000. The output of the company is probably about one-third of the total output of the country in sanitary wares. Some economies have been effected by the consolidation of the different plants, but there has not been as much economy as was anticipated. The prices of the goods manufactured have been reduced 50 per cent during the last 10 years. The reduction in price is due in part to the consolidation of the different companies; but only in part. (626, 627, 629.)

2. *Quality of American pottery manufactures.*—Mr. CAMPBELL says that American manufacturers can and are producing at the present time table china which is equal to any china that is made in Limoges. The Ceramic Art Company, of Trenton, is manufacturing as fine a china as can be made. American potters have passed the experimental stage in making a glaze. The Maddock Pottery Company, of Trenton, is also producing a very fine grade of china. Its kilns are built upon the French principle, and the company is producing ware that is holding its own with the best in France. There is a certain prejudice on the part of the American people against American-made goods, but that prejudice is being overcome. (630.)

Mr. CLAYTON says that there is not much difference between the quality of American pottery and the quality of English pottery. The operatives in this country are capable of producing as fine work of every kind as is produced in England. In some of the expensive articles it may be that not so much pains is taken in the finish, but this is not the case in regard to general ware. The pottery manufacturers of Trenton have succeeded in obtaining a greater degree of perfection than formerly in the mixture of materials, and have been able to calculate to a very great nicety the coefficient of expansion and contraction of the body and glaze under heat up to a given temperature. As a result the glazes are now compounded with greater accuracy to fit the body on which they are placed, and as a consequence there is less crazing than formerly. (639, 642.)

Mr. JOHN A. O'NEILL, a pottery worker of Trenton, says that American pottery manufacturers can make as fine goods as can be made anywhere in the world. The American pottery workers are the best in the world and know more about the business than do the foreign potters. (655.)

Mr. JOHN W. MORGAN, a pottery worker of Trenton, says that the underglazed ware which is made by the American manufacturers is much better than any which foreign manufacturers can produce. American manufacturers are able to produce as fine and delicate ware as the Haviland china which is made at Limoges, so far as the body of the china is concerned. They are not equal to the French manufacturers so far as finish and delicate decoration are concerned. There are not artists in this country who are capable of doing that class of work, the reason being that there has been no call for that kind of work in this country.

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There has been a prejudice against high-priced decorated American ware. The prejudice is somewhat dying out, but it still exists, and will exist until it becomes the fashion to patronize home products. Some American manufacturers deceive consumers by stamping their products as foreign made. Mr. Morgan can not say whether the pottery workers who are engaged in the manufacture of American goods which are sold as foreign products are in general paid higher wages than other workers. He himself is engaged in the manufacture of such goods and gets about 14 per cent more in wages than he would otherwise earn. (649, 650.)

3. *Import trade.*—Mr. BURGESS says that the foreign pottery manufacturers have an advantage over American manufacturers in freight rates. Goods from Liverpool, England, are laid down at St. Louis, Kansas City, and at almost any of the Western towns at considerably lower rates of freight than can goods from either East Liverpool or Trenton be laid down at those points. For example, the last rate of freight from Liverpool, England, to St. Louis was 27 cents a hundred, while from Trenton to St. Louis the rate was 41 cents a hundred. Goods are landed at Philadelphia from Liverpool, England, at only 5 cents a hundred more for freight than similar goods can be landed in Philadelphia from Trenton, which is only 30 miles away. The tariff is not sufficient to overcome the difference in freights so far as Western trade is concerned. In one instance English manufacturers were landing their goods at San Francisco for \$2.50 a ton, while the rate from Trenton to San Francisco was \$37 a ton. Under these conditions the Western trade of Eastern potteries is not of much consequence. The English goods go through in bond, and the examination made by the customs authorities is often not satisfactory. Many of these goods are landed at Newport News, and the examinations made there by the customs authorities have been defective and inefficient. A specific duty would remedy matters somewhat.

The pottery manufacturers in this country were formerly much alarmed over the prospective importation of Japanese goods, but since they have learned that there is no certainty that the importer will get his order filled after he has placed it they have felt much less uneasy at the thought of Japanese competition. (609, 610, 611.)

Mr. MORGAN says that Germany is the greatest competitor of this country in the pottery industry. Germany can land goods in our cities at a lower price than that for which the goods can be produced in this country. The conclusion seems to be that no duty is ever paid on German goods, although there is no absolute proof of this fact. If the duties were properly collected, the present tariff would be sufficient for the protection of the pottery industry, but, as a matter of fact, the duties are not properly collected and the law is not severe enough in its punishment of those who evade the payment of duties. There ought to be a more rigid examination of imported goods. This is the opinion of the pottery workers in general. The customs officials say that they have not the time to make a sufficiently rigid examination. (648, 649.)

4. *Export trade.*—Mr. LAWSHE says that there is a fair export trade in tiles with Australia and Holland, and there is every reason to think that the trade will grow, as only good reports are heard concerning the tiles which are sent abroad. (632, 633.)

5. *Inequalities of freight rates.*—Mr. LAWSHE says that the manufacturers of tiles have some reason to complain because of excessive freight rates to Western points. They can ship goods to Sydney, Australia, at 50 cents a hundred, while they have to pay 57 cents a hundred for goods shipped to Omaha, and 43 cents on goods shipped to Galveston. Complaints have been made to the Morgan Line and to the Sunset Route, but such complaints have availed nothing. The manufacturers of tiles have an agreement to equalize freight rates. This agreement is that a freight rate shall not be any more from one factory than from another. For example, the freight rate from Zanesville to Galveston is 48 cents, while the freight rate from Trenton is 43. The Zanesville manufacturers would have to pay to the Galveston buyer the difference between freight at 43 and freight at 48. The transaction is entirely with the dealer. There is no clearing house of the manufacturers, but simply an agreement to equalize freight rates. A manufacturer is enabled to compete in all parts of the country, though, on account of the great difference in freight rates, it would not be possible for him to sell in remote sections. (634, 635.)

6. *Sales methods.*—Mr. LAWSHE says that tiles are sold directly to mantel and tile houses. The dealers in mantels and tiles take contracts on buildings and employ the tile setters. The tiles sold abroad are sold through agents. (633.)

7. *Raw materials.*—Mr. BURGESS says that there are three main ingredients used in the manufacture of pottery—flint, feldspar, and clay, or kaolin. The finest feldspar comes from Maine. The flint comes from a number of the Middle States, while the finest china clay and kaolin come from Florida. A great deal of the

clay used comes from Delaware. There is not so much difference in the price of the different qualities of the materials as there is in the freight rates. (808.)

Mr. O'NEILL says that there have not been discovered in this country as good materials used in the manufacture of pottery as are to be found abroad. Relatively less of imported material is used each year, however, and the time is drawing near when no materials will have to be imported for the pottery industry. (655.)

Mr. CAMPBELL says that some of the clays and other materials used in the manufacture of sanitary wares are found in this country and that some are imported. (625.)

8. *Belleek*.—Mr. CLAYTON says that belleek has a greater degree of vitrification than has china, and consequently is more fragile. More feldspar is used in its manufacture than is used in the manufacture of ordinary earthenware. In addition to the use of more feldspar, ground flint glass is used in the manufacture of belleek. The formula used in the manufacture of belleek in Trenton is practically the same formula which has been used for years in Ireland in the manufacture of that ware. (642, 643.)

9. *Effect of tariff legislation*.—Mr. BURGESS says that the pottery industry could not exist without the protective tariff, under present conditions. The only way in which the industry could be continued would be through the reduction of wages. Present duties are satisfactory if properly collected. (611.)

Mr. CAMPBELL says that in his opinion the manufacture of sanitary goods would continue in this country if the tariff were removed, provided that Germany did not become too much of a factor in the production of that grade of goods. About three quarters of the pottery industry, however, would be destroyed if deprived of tariff protection. The prosperity of the manufacturers of sanitary wares depends, of course, on the general prosperity of the country. (628.)

Mr. O'NEILL says that the pottery worker would be the first to suffer if the tariff on pottery were reduced. It would be absolutely impossible for pottery manufacturers to pay the present rates of wages if there were a reduction in the tariff on pottery. The wages paid in all branches of the pottery industry are much higher than are the wages paid in Europe, and a tariff is necessary for the protection of the industry. (651, 656.)

Mr. LAWRENCE says that the reduction of the tariff on tiles would injure the tile industry in all branches. Only a limited quality of a special kind of tile is exported, and American manufacturers are able to export those tiles because they are goods which the English and foreign manufacturers do not make at all. (635, 636.)

10. *Prosperity of business*.—Mr. CLAYTON says that the pottery industry is in a very flourishing state at present, though under the Wilson law there was great depression in the industry. (641.)

Mr. O'NEILL says that for some years previous to 1893 the pottery industry was in a prosperous condition. The workers were fairly well employed and the rate of wages compared favorably with the wages in other skilled trades. At the beginning of 1893 a very disastrous and deplorable condition began. Within 18 months practically every pottery in the city of Trenton and in the country generally was closed. The scales of wages in the various branches of the industry were reduced. The men refused to accept the reduction proposed, as it was utterly impossible to live on the wages offered. The cause of this depression in the industry was the change in the tariff on pottery made by the enactment of the Wilson tariff law. The mistake made in the enactment of that law was rectified 4 years later, and the pottery industry now is in a flourishing condition. (651.)

C. *Labor organizations*.—1. *Generally*.—Mr. O'NEILL says that the first national organization of pottery workers was formed in 1880. Previous to that there had been local organizations not working in harmony with each other. The national organization formed in 1886 went to pieces in 1892. It was succeeded by the National Brotherhood. When the National Brotherhood agreed upon a uniform scale of wages with the manufacturers trouble resulted, as some of the local branches of the organization were not satisfied with the scale adopted, and revolted from the national organization and formed separate organizations. (652.)

Mr. JORGAN says that the workers in some branches of the pottery industry belong to labor organizations, while the workers in other branches do not. The action of the national organization of pottery workers in agreeing to a reduction of wages made labor organizations somewhat unpopular in Trenton.

After the organization of potters in Trenton withdrew from the national organization it sought affiliation with the central organization in Trenton, but was refused admission to that organization because of the rules of the national body, which prevented local organizations from affiliating with central organizations

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unless the local organizations were members of the national association. The central organization was in sympathy with the local branch, and would have been glad to admit it if the rules had permitted.

The objects of the organizations of pottery workers in Trenton are to secure fair wages, uniformity of prices, fair dealings with the manufacturers, and the promotion of the prosperity of the pottery industry. If a man has a dispute with his employer he notifies the organization. A committee is appointed to settle the difference, and if the committee is unable to settle it the matter is put into the hands of the executive committee. That committee then declares that bench struck, and the member having the grievance is on strike, and is entitled to strike pay from the union. It is impossible to say what the union would do in case an employer attempted to fill the bench with other labor, as there has never been a case of that kind. (645, 647, 648.)

2. *Jiggermen and Dishmakers' Union.*—Mr. CLAYTON says that about eight-tenths of the jiggermen and dishmakers of Trenton are members of the Jiggermen and Dishmakers' Union, and that the operatives employed in other branches of the industry are becoming affiliated with this union. "More than 70 per cent of the operatives and their helpers who produce general earthenware are members of this branch, and fully 80 per cent of the total output of a general-ware pottery is produced by this branch of operatives."¹

The Jiggermen and Dishmakers' Union is in harmonious affiliation with other labor organizations in Trenton, but not with the organization known as the National Brotherhood of Operative Potters. The reason for this is that the national organization agreed upon a scale of wages which would have materially reduced the wages paid to the workmen in the Trenton potteries. The scale of wages is lower in the West than in the East, and the agreement made by the national organization was an attempt to equalize wages by reducing the wages of the Eastern potters. Previous to the making of this agreement the Trenton potters sent delegates to the national convention. (636, 639, 642.)

D. Relations of employers and employees.—Mr. CLAYTON says that the relations between employees and employers in the pottery industry are amicable and cordial. The pottery employees believe rather in the conciliatory than in the arbitral method, and they have never found any indisposition whatever on the part of employers to meet with the men and discuss matters. (638, 642.)

Mr. CAMPBELL says that the labor employed in the manufacture of sanitary wares is organized labor, though nonunion men are not barred. The manufacturers recognize the union and frequently confer with representatives of the workmen. There has been no strike in the industry since 1890, and the strike of that year was eventually settled by a joint committee of manufacturers and employees. In case of any difficulty arising in single potteries it is customary for the employees of the pottery to notify the owners. If the trouble is of such a character that it can not be settled satisfactorily by them, the matter is brought before the union and before the organization of employers. Committees are then appointed by both sides and these committees endeavor to adjust the difference by a series of compromises. (625, 626, 627.)

Mr. O'NEILL says that the pottery workers have always been glad to settle difficulties with employers through conference and compromise. (655.)

Mr. LAWRENCE says that the tile manufacturers have never had any difficulty whatever with their labor from the beginning of the industry and that they have never had a strike. The labor employed by the Trent Tile Company is nonunion labor. Unions always tend to create dissension. One man turns out more than another working on piecework, and this creates jealousy. Labor unions seem to be founded upon the poor workman and not upon the good workman. Labor organizations would be of advantage to employees in cases where employers were inclined to be unfair. Most of the persons employed by the Trent Tile Company have grown up in the shops of the company. (633, 634.)

E. General conditions of labor.—1. *Nationality.*—Mr. CLAYTON says that in general the workmen in the Trenton potteries are citizens. Quite a large number have come over from England. The workmen in pottery factories in other parts of the country also are very largely foreign born. (641.)

Mr. MORGAN says that about 98 per cent of the pottery workers who come to this country become naturalized. (647.)

Mr. CAMPBELL says that very few skilled pottery workers now come to this country from Europe. The employees who have served an apprenticeship in the works are preferred to any others. (626.)

¹ This statement seems to conflict with that of Mr. O'Neill. (See Testimony, pp. 652, 653.)

2. *Employment.*—Mr. BURGESS says that there is usually a shut-down of the potteries for a week at Christmas time and for a week in July for repairs. Outside of these shut-downs there has been steady work during the last 3 or 8 years. (606.)

Mr. CAMPBELL says that more men are employed now in the manufacture of sanitary ware than at any previous time. (626.)

3. *Machinery.*—Mr. MORGAN says that the pottery industry is peculiarly a handiwork industry. The labor is skilled labor and requires training. (643.)

Mr. CAMPBELL says very little machinery is used in the manufacture of sanitary wares, but that most of the skilled labor is done by hand. (626.)

4. *Wages.*—(a) *Generally.*—Mr. BURGESS says that, as a result of a conference between pottery manufacturers and pottery workmen, a standard uniform scale of wages was adopted which is in use throughout the West. This scale the Eastern workers refused to adopt, and wages in the East are somewhat higher than wages in the West. Wages in the pottery industry are mostly on the piecework basis. There is, however, a minimum rate of wages. It is reckoned, for instance, that a presser must have at least \$2.75 a day. The jiggerman, the dishmaker, and the mold maker must have at least \$3 a day. A jiggerman working on large machinery must have at least \$3.50 a day. The kiln man must have at least \$2 a day. These are the minimum rates of wages, and, through the system of piecework, the men usually make much more than these amounts. If any time work is done it is paid for at these minimum rates. There was a reduction of 12½ per cent in wages when the Wilson tariff law went into effect, but wages were restored when the Dingley law was enacted, so that now wages are substantially what they were in 1891 and 1892. A good many so-called fancy shapes have been introduced, however, and on these a higher rate of wages is paid, so that the actual wages of the workmen in the potteries are greater to-day than they have ever been since the establishment of the business. Wages are paid weekly in Trenton, semimonthly in the West.

Wages in this country are about 120 per cent higher than they are in England, and the English wages are the highest wages paid in Europe. The French come next, while the German are only about half the English wages. There is very little difference in the actual cost of living in this country and in England, provided the workmen live in the same way. As a matter of fact, however, they live better in this country. There is no doubt, however, that a workman can live according to the American style in this country and still save more than can an English workman.

In 1882 the rate of wages was to the materials used as 5½ to 4½, while in 1900 it was as 6½ to 3½. The labor cost, therefore, has proportionately increased.

Mr. Burgess submits a copy of the uniform wage scale adopted by the manufacturing and operative potters of the United States, to take effect May 1, 1900. (606, 607, 608, 613-624.)

Mr. MORGAN says that labor in the pottery industry receives much higher wages in this country than it does abroad. In France the wages average about \$8 per week; in Scotland a little over \$7; in England a trifle less; while the average in this country is \$11.43 per week. The same machinery is now used abroad as is used in this country. In cases in which women do the same work which is done by men in foreign countries their wages are only about half as much. The difference in wages here and abroad runs all through the industry. The workmen in this country can produce more than can the workmen in other countries, but the work is piecework and the workman in this country gets a higher rate per piece than does the foreign workman.

In 1900 a uniform wage scale was agreed upon by the national organization of pottery workers. This scale was practically the Western wage scale, and would have reduced the wages of the Trenton pottery workers. Upon its adoption, therefore, by the national organization, the Trenton association of jiggermen and dishmakers withdrew from the national organization. There is no justice in applying the Western scale to Eastern workers, because in the Western factories they were using more machines than were being used in the Eastern factories. The Eastern workers claimed that if they received the same rate of wages they were entitled to the same facilities. For the Eastern manufacturers to have put in the same facilities as the Western manufacturers had would have compelled them to tear out the inside of their potteries and rebuild. This they could not afford to do, and therefore matters went on as they were. The Western workers get rather higher wages than do the Eastern workers. They have the latest improved machinery and are able to turn out a larger amount of work. They do not make so fine a grade of goods or take so much pains to finish articles as do the Trenton workers.

Wages are now about what they were in 1890. Since that time there has been

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a cut of 12½ per cent, and afterwards an increase of the same amount. (644, 645, 646, 647.)

Mr. O'NEILL, referring to the agreement by the National Brotherhood of Operative Potters to a uniform scale of wages, and to the fact that piece rates were higher in the Eastern than in the Western potteries, says that the difference in the wages which were paid in Western and in Eastern pottery factories was due to the fact that conditions were different. More machinery was used in the Western factories. A great many of the factories in Trenton were built in such a manner that it was practically impossible to furnish workers with the same facilities for the rapid turning out of goods as those which were furnished in the more modern factories in the Ohio Valley. The Eastern workers felt that if the same rate of wages were to prevail, the same conveniences should be given. The workers in Trenton stood in their own light for a good many years, and succeeded in keeping machinery out. They claimed that it was not possible to make as good work by machinery as by hand. It was found that the manufacturers of East Liverpool were paying 5½ cents a dozen to workers for the manufacture of goods for which the manufacturers in Trenton were paying 11 cents a dozen. The collecting of data and the comparing of prices in the two sections resulted in the adoption of the uniform wage scale by the national organization of potters.

A uniform wage scale is a sort of Utopian idea. Different methods of work prevail in different factories, and different styles of machinery are used. Nevertheless there are certain reasons why there should be a uniform wage scale. It is a protection both to employer and employee. A fair employer would be willing to pay as much as any other employer pays, and no fair workman would require his employer to pay more than was paid by his competitor. (652, 654.)

Mr. CLAYTON says that the wages paid to the workers in the potteries are much higher in this country than in England. In England more women are employed in the potteries than are employed in this country, and they are paid lower wages for the same work than the wages which are paid to men. The potters both in this country and in England work by the piece. Because of the difference in labor cost, protection should be given to the laborer in this country. The wages paid to the workers in the Trenton potteries are in general higher than those which were established by the national organization. Under the Wilson law wages of potters were very much reduced, but since the repeal of that law they have been increased.

The scale of wages under which the workmen in the potteries of Trenton work was fixed by conferences of employers and employees. (638, 639, 641, 642.)

(b) *Sanitary ware manufacture.*—Mr. CAMPBELL says that piecework prevails almost exclusively in the factories producing sanitary wares, and that there is a regular wage scale. Wages are paid weekly as a rule, and are paid in cash. Wages are uniform throughout the country. (625, 626.)

Mr. O'NEILL says that most pottery workers would rather be employed in a sanitary ware factory, as the rate of wages is higher and the percentage of men greater. (653.)

(c) *Tile manufacture.*—Mr. LAWSHE says that the average pay roll of the Trent Tile Company, which company employs 285 hands, 70 per cent of whom are boys and girls, is \$1,950 a week. The labor cost of the finished tile is about 70 per cent of the total cost. This estimate does not take into account the cost of the labor employed in producing the raw material. (632, 635.)

5. *Hours of labor.*—Mr. BURGESS says that the nominal hours of labor in the potteries are 10 hours per day, but that the different departments have different hours, and that, as a matter of fact, workmen generally work about 9 hours per day. They go to work at 7 in the morning and usually go home about 5 in the afternoon, with an hour at noon and 15 minutes for luncheon. In summer time a half holiday is given on Saturday and in winter the works are generally shut down at 4 o'clock on Saturday afternoon. (608, 611.)

Mr. MORGAN says that as a rule the pottery workers work 10 hours a day, except on Saturday, when they quit at 4 o'clock. The machinery stops at 6, and a man can not work after the machinery stops. Some of the potters work only 8 hours a day. Mr. Morgan does not know of any case when a jiggerman has been obliged to work more than 10 hours in a day. In England the hours of labor are somewhat shorter. The men do not go to work so early on Monday mornings and they quit somewhat earlier. (644, 648.)

Mr. CAMPBELL says that in the sanitary ware potteries 10 hours constitute a day's work and that there is no Sunday labor except what is necessary for the firing of the kilns. (636.)

6. *Loss by breakage.*—Mr. O'NEILL says that there is not as much breakage in the manufacture of pottery as formerly. The loss from breakage falls for the most part upon the employers. The workers are paid for every piece that goes

into the green room. In the manufacture of sanitary ware the regulation prevails to some extent that the workers suffer the loss from breakage; but the justice of that regulation has never been conceded by the workers, and the regulation has never been enforced by the employers. (653.)

7. *Apprenticeship.*—Mr. CAMPBELL says that a system of apprenticeship is in operation in the sanitary ware potteries. Apprentices serve for 5 years before obtaining full journeyman's wages. (656.)

8. *American and European workmen compared.*—Mr. BURGESS says that the English potter is put through a longer and more severe training than is the American potter. The result is that as a rule he turns out a better finished article. The machinery used in this country is, however, much more efficient than that used in England. (618.)

9. *American and European conditions compared.*—Mr. MORGAN says that the workers in the pottery industry live somewhat better in this country than they do in foreign countries. (647.)

Mr. CLAYTON says that the condition of workmen in the potteries in this country is very much superior to the condition of workmen in England. The educational opportunities for their children are very much better in this country, so far as the higher education is concerned. (641.)

10. *Employment of women.*—Mr. MORGAN says that about 20 per cent of the 6,000 people employed in the potteries in Trenton are women. About 150 women are employed in the clay department; in the finishing and decorating departments almost all the employees are women. In this country there are no instances in which men and women do the same kind of work, though in England and Scotland men and women are found doing the same work. (646.)

XIII. RATTAN TRADE.

A. Conditions of capital and business.—1. *Raw materials.*—Mr. LIONEL J. SALOMON, treasurer of the American Rattan Company, says that all rattan comes from the Malay Archipelago. There is no monopoly on the raw product. It is open to purchase by anyone. (720, 722.)

2. *Freight rates.*—Mr. SALOMON says that the freight on rattan goods from Germany to the United States is \$5 per ton, while from the United States to any section of Europe the rate is \$15 to \$30 per ton. Mr. Salomon says also that domestic freight rates on rattan goods are too high. Railroads are charging more for the transportation of rattan than they should be allowed to charge. There should be more than one classification. Rattan is used for many different purposes and much more labor is put into the manufacture of some rattan goods than is put into the manufacture of others, but the railroads classify all rattan goods indiscriminately as rattan. Freight rates are so high that it is impossible to sell rattan in parts of the country far distant from the manufactory. (730.)

Mr. C. W. SIEBERT, manager for Otto Gerdau, importer of rattan, says that rattan goods can be shipped from this country to Germany at about the same rate of freight as similar goods can be shipped from Germany to this country. Mr. Siebert submits a copy of a letter received from the managers of the Vogemann Line, quoting a rate of 25 shillings per ton on rattan from New York to Hamburg. (736, 737.)

Mr. JULIUS WARNECKE, of the Rattan and Cane Company, of New York, says that rattan goods can be shipped from this country to Europe for from \$5 to \$6 per ton. (737.)

3. *Import trade.*—Mr. SALOMON says that foreign importers of rattan goods simply maintain offices in this country. They secure orders, cable the orders abroad, and import goods to fill them. (721.)

Mr. SIEBERT says that every importer of chair cane or reeds in this country has an office and large store, each with a full complement of help, and carries a large stock here at all times. (736.)

4. *Tariff on rattan.*—Mr. SALOMON says that the 10 per cent duty imposed on rattan goods is entirely inadequate. There ought to be a duty of 25 or 30 per cent on some rattan goods. On others a duty of 15 to 20 per cent would be sufficient. Because of the inadequate protection given to the rattan industry the American Rattan Company now has a representative abroad looking for a factory site. If the company should transfer its business abroad it would simply conduct a small office in this country, land its goods in a storehouse, and ship them when called for. (721.)

Mr. SIEBERT says that the present duty of 10 per cent on rattan is quite sufficient to afford adequate protection to the rattan industry. (736.)

Mr. WARNECKE says that the imposition of the rates of duty on rattan suggested

by Mr. Salomon would entirely prohibit importations of chair canes and reeds and would be injurious both to the importers and to the smaller American manufacturers of rattan and reed products. The present rates of duty on rattan and reed afford ample protection to American manufacturers. (738.)

B. Conditions of labor.—1. *Machinery.*—Mr. SALOMON says that machinery is little used in the rattan industry, but that most of the labor is done by hand. Two-thirds of the employees of the American Rattan Company are full-grown men. The remaining one-third are boys and women. (732.)

2. *Wages.*—Mr. SALOMON says that the young men employed by the American Rattan Company to operate the machines used to split the rattan are paid from \$1.25 to \$1.50 per day; boys employed for this purpose receive anywhere from 75 cents to \$1 a day. After the rattan is split, it is introduced into machines, where it is put in shape suitable to go to the seater or to be woven into the different fabrics for which it may be intended. This work is done by expert women, who receive from \$1.35 to \$2.25 per day, according to the particular work which they perform. The bleaching is done entirely by manual labor, and the experienced workmen employed in this branch of the industry are paid from \$1.50 to \$2.50 per day. The American Rattan Company also employs a number of machinists, who are paid from \$2.75 to \$6 per day. In Germany, young men are paid only about 2 marks, or 50 cents per day. A great many of the men are paid 3 to 4 marks a day, and the women work for from 1½ to 2 marks a day. Machinists are paid from 4 to 8 marks a day. The German workers produce just as much work as do the American workers. (720.)

3. *Convict labor.*—Mr. SALOMON says that the convicts in the state prison at Frankfort, Ky., are employed in the manufacture of rattan goods. At the Joliet Penitentiary there is considerable manufacture of rattan articles. The Detroit House of Correction operates a chair factory. It has been estimated that at Joliet they use something like \$40,000 worth of rattan a year, the goods being bought exclusively in Germany, at prices which American manufacturers can not meet. As a general rule, the prison-made goods are sold at a cut rate, because nobody wants to buy such goods unless they can buy them at lower prices than those at which regularly made goods are sold. (721, 722.)

Mr. STEBERT says that the rattan used for manufacture in the state prison at Joliet is purchased exclusively from an American firm. (737.)

Mr. WARNECKE says that the only convict labor employed in connection with rattan goods is that employed in the manufacture of chairs; and that no such labor is employed in the manufacture of reeds or cane from rattan. (737.)

XIV. COTTON TRADE.

A. Development of cotton manufacture.—1. *Artistic development.*—Mr. LEAKE, a manufacturer of cotton and linen fabrics, says that the Centennial Exposition gave a great impetus to the finer kinds of textile manufacture in this country. Eighteen hundred and ninety, 1892, and 1893 marked a very high development of the manufacture. The general depression in business from 1894 to 1897 retarded it, because the demand was chiefly for the cheaper goods, and manufacturers followed the plan of offering what seemed to be big things for the money and of appearing to give more than they actually gave. This retarded artistic development. Since 1896 the development has again gone forward. (376.)

Mr. LINCOLN GODFREY, president of the Eddystone Manufacturing Company, says that there has been a very marked improvement in the artistic features of textile goods. Thirty years ago the machinery of the Eddystone Manufacturing Company was all adapted to producing patterns of one color. To-day more than half of the machinery will produce from eight up to fourteen colors with one revolution of the rollers over the cylinder. There has also been great improvement in the quality of the dyes. Aniline and aniline dyes have superseded logwood. They work equally well in the machines and make more satisfactory goods. All first-class establishments now manufacture printed cottons with colors which will last. American printed cottons are equal, so far as having fast colors are concerned, to any goods which are produced anywhere in the world. (474, 475.)

2. *Manufacture of lace curtains.*—Mr. LEAKE says that the lace curtain industry has been developed in Philadelphia within 6 or 8 years, and has had its principal development within 5 years. Mr. Leake knows of no lace curtain factories outside of Philadelphia except one at Wilkesbarre and one at Scranton. The manufacture is exclusively of Nottingham lace, and when it was established workers of the trade came over from Nottingham, England. The goods now produced seem to be equal, grade for grade, to those produced in England. (274.)

3. *New Bedford as a cotton manufacturing center.*—Hon. WILLIAM W. CRAPO, president of the Wamsutta and Acushnet Mills, says that for many years New Bedford was the leading whaling port of the world, but when oil was struck in Pennsylvania and gas came into use for lighting purposes the whaling industry died out, and the people of New Bedford turned their attention to cotton manufacture. The industry has grown until there are in operation to-day in New Bedford about 1,370,000 spindles, and from 23,000 to 24,000 looms. New Bedford has manufactured the finer goods almost exclusively from the beginning. The industry has been reasonably profitable. (535.)

Mr. ANDREW G. PIERCE, president of the New England Cotton Yarn Company, says that about \$20,000,000 is invested in New Bedford in the cotton industry. As a cotton manufacturing center the city has a certain advantage in the humidity of its atmosphere. The cotton industry has been so long established there that there have been gathered together employees who are perhaps better suited for the work than are those engaged in some other communities. The manufacture there is not carried beyond spinning and weaving. There is no finishing done. The city has a good water and sewerage system, and there is gas and electric lighting throughout the town. The school system is of a high standard, and the children of the operatives are educated in the schools. There are evening schools which are attended by the operatives. (541, 543, 545.)

4. *Fall River as a cotton manufacturing center.*—Mr. SIMEON B. CHASE, treasurer of the King Philip and Osborn Mills, says that Fall River is the leading print cloth manufacturing center in the country. A considerable variety of cotton goods is produced there, but the leading product is what is known as print cloths. Most of the product is also printed in Fall River. The chief advantage which Fall River has as a manufacturing center is its nearness to markets and its water communication. (555, 556.)

5. *Cotton pile fabrics.*—Mr. LEAKE says that there are 3 or 4 establishments manufacturing Turkish towels and similar pile fabrics in the neighborhood of Philadelphia, and perhaps about as many more in other parts of the country. These goods are made for the most part of cotton and linen, though sometimes of wool and worsted and sometimes of silk. (273.)

6. *Cotton manufacture in the South.*—Hon. WILLIAM F. DRAPER, president of the Draper Company, says that to-day the Draper Company is selling more cotton machinery in the South than it is selling in New England. The increase of cotton manufacture in the South has been more rapid than in the Northern States. There is no doubt that the improvements made in cotton machinery have assisted the development of cotton manufacture in the South. The Southern mills are new mills and have an advantage in having all the latest improvements. Some of the Northern mills are running along with machinery 10, 15, or even 20 years old, and cotton machinery is practically antiquated in 15 years. The fact that low wages are paid in the Southern factories has probably had something to do with the rapid development of cotton manufacturing in the South. The Southern manufacturers also have an advantage in getting cotton. The climate may be somewhat against them, but the general opinion is that the Southern cotton mill has on the whole a substantial advantage in the manufacture of coarse and medium goods. (465, 469.)

Mr. ROBERT T. DAVIS, president of the Stafford, Wampanoag and Algonquin Print Mills, says that a considerable number of cotton mills have been established in the South and there will probably be a material increase in the output of cotton goods. In that case New England cotton manufacturers will suffer, and the Southern manufacturers will suffer also for some years. The growth of the country, however, together with the extension of the foreign market, will finally give a fair business. Before very long the Southern manufacturers will be compelled to pay higher wages for labor and to give shorter hours. When that time comes New England can maintain her industries in competition. (591.)

Mr. LEAKE says that the competition of the South has put a stop to the manufacture of many lines of low and medium grade cotton goods in the vicinity of Philadelphia and goods of a higher grade have taken their place. "They have forced us a little higher up the scale; that is all." (280.) The bulk of the Southern output of cotton yarns is below twenties, though the forties would be a good dividing line between Southern and New England production. Most of the coarse yarns—forties and under—are made in the South. Some fairly good goods even above fifties are made there. The finer yarns, from forties to one hundred and fifties, come chiefly from New England. Above 100 and up to 150 the imported yarns contest the field, and above 150 the market is so small that it is left almost altogether to foreigners, except yarns for sewing cotton.

Mr. Leake has no fear that the Philadelphia weaving industry will be driven to

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the South. Philadelphia people are thoroughly employed at better wages than ever. (280.)

Mr. CHASE says that Southern competition is much more effective than Northern competition, because the goods can be produced more cheaply in the South on account of the longer working hours and the lower wages. (555, 561.)

Mr. CHARLES L. LOVERING, treasurer of the Merrimac and other mills, says that there is an advantage in manufacturing cotton in the South, because fuel is cheaper, wages are lower, and the hours of labor per week are longer. Wages per day are about 30 per cent lower than the wages paid in the North. The price paid for weaving a certain given length of 40 picks is a trifle over half what is paid in the North. The hours of labor are 8 hours longer per week in Georgia than in Massachusetts. Exactly the same kind of machinery is used in the Southern mills as is used in the Northern mills. The looms are speeded not quite so high. The output per loom is from 5 per cent to 10 per cent less. Mills in Massachusetts are rather handicapped, because of the higher cost for labor and fuel, and the shorter hours of labor, in manufacturing goods for export, and that fact has led to the establishment of mills in the South. (529, 530.)

B. Conditions of capital and business.—1. *Merrimac Manufacturing Company.*—Mr. LOVERING states that the Merrimac Manufacturing Company was chartered in 1822. It manufactures cottons for printing. It also has a printing department with 21 machines in operation, and manufactures shirtings, calicoes and cotton toweling. The company has mills at Lowell, Mass., and at Huntsville, Ala. The Lowell mills have 144,000 spindles, 4,300 looms, and they employ 2,400 persons. The mill at Huntsville has 25,000 spindles, 848 looms, and employs 425 hands. The company is capitalized at \$2,750,000. (528, 529.)

2. *Massachusetts cotton mills.*—Mr. LOVERING states that the Massachusetts cotton mills were chartered in 1839. They manufacture shirtings from coarse yarns, cotton flannels, and denims. The mills have 126,000 spindles, 4,100 looms, and employ 2,200 hands. They are capitalized at \$1,800,000. (528, 529.)

3. *Whittington Manufacturing Company.*—Mr. LOVERING says that the Whittington Manufacturing Company was chartered in its present form in 1888, but that it grew out of an old corporation that was established in 1833. The company has 48,000 spindles and 1,680 looms in its mill. It employs 1,200 hands, and is capitalized at \$800,000. (528.)

4. *Massachusetts Cotton Mills in Georgia.*—Mr. LOVERING states that the Massachusetts Cotton Mills in Georgia were chartered in 1894, and have 51,624 spindles and 1,726 looms. There are about 1,000 persons on the pay roll and the capitalization is \$1,000,000. (528.)

5. *Eddystone Manufacturing Company.*—Mr. GODFREY says that the business of the Eddystone Manufacturing Company is the printing of cotton cloths. The company produces all grades of print-cotton fabrics from the lowest quality to the finest goods. Many of the designs used are staple designs which go on from year to year, but 90 per cent of the fancy patterns are changed each year. The company could reproduce foreign styles if that were deemed desirable. Its usual custom is, however, to make original patterns, following suggestions which are gotten from the foreign prints. The company manufactures about 100,000,000 yards of fabrics of various kinds per annum. Its business runs rather to the finer kinds of cotton goods, and therefore it gets its supply of gray cotton chiefly in New England, though it buys all over the country. It has at times imported gray cotton. The goods which it is able to get in New England are quite as satisfactory as those which can be obtained anywhere in the world. About 50 per cent of the materials that are used in the dyes are produced in America, and about 50 per cent are imported.

The company employs about 1,200 people, 75 per cent of whom are men, the number of employees having doubled in the last 25 or 30 years. About 30 per cent of the labor is skilled labor. Most of this skilled labor comes from foreign countries. (471, 472, 474, 475.)

6. *New England Cotton Yarn Company.*—(a) *Organization and business.*—Mr. KNOWLES, member of the executive committee of the New England Cotton Yarn Company, says that that company is a consolidation of nine corporations. One of the plants taken over has been closed since the formation of the company. It was a small concern and could not be economically run. The company manufactures cotton yarns exclusively. (546.)

(b) *Economies of combination.*—Mr. KNOWLES says that the main economies which have been secured through the formation of the New England Cotton Yarn Company have been in manufacture. The company is able to manufacture more cheaply than were the single mills. An effort has been made to run each mill somewhat on a class of work by itself, and that is where the main chance

to economize has been found. The administration is not materially different than was that of the separate mills, but the cost of administering the new company is 20 per cent less than that of administering the separate concerns. The company is able to buy supplies to better advantage than could the individual mills, though it may be that it can not buy any more cheaply than could a good-sized, well-conducted mill. On the whole, the mills can be handled together to better advantage than they could be handled separately. (546, 548.)

(c) *Effect of combination on wages and employment.*—Mr. KNOWLES says that since the formation of the New England Cotton Yarn Company wages have been increased 10 per cent. The majority of the laborers do piecework, but a good many are paid by the day. In addition to increasing wages, the company has run the mill on much fuller time than they were run by the individual companies, so that the increase in the amount of wages paid to labor is more than 10 per cent. The wages paid have amounted in fact to about 15 per cent more than they did before the concerns combined. (546, 549.)

(d) *Effect of combination on prices.*—Mr. KNOWLES says that the consolidation of the different companies in the New England Cotton Yarn Company has not resulted in any increase of prices. The increase in price has been due to the high price of cotton, the high price of labor, and to the high prices of supplies in general. (546.)

(e) *Effect of combination on sales methods.*—Mr. KNOWLES says that before the New England Cotton Yarn Company was formed the separate concerns marketed their products through commission houses and in a variety of ways. The new company sells its entire product through its own salesmen and sells directly to customers. Its products are consumed all over the country, and the company has agencies in Boston, New York, Albany, and Philadelphia. (546, 547.)

7. *Quality of American cottons.*—Mr. LOVERING says that the cotton goods made in this country are superior in quality to English cottons. They are made probably of better material, and are absolutely free from filling. The wearing quality is superior to that of the English cottons. (530.)

Mr. CRAPO says that very great advances have been made in the manufacture of cotton fabrics, and that the goods which are being produced in this country to-day are equal in texture, style, and finish to any that are produced in Europe. The exhibit of American cotton goods at the Paris Exposition was equal to that of any country. The machinery used in this country is as good, and the workmen are as ingenious and skillful as can be found anywhere. (530.)

8. *American and European methods of textile manufacture compared.*—Mr. LEAKE, comparing the methods and customs of manufacture in Europe and America, says that the tendency of American manufacturers is to produce large quantities of a given style and to produce at a correspondingly less cost per unit. The development is analogous to that in railroads, where we handle tons almost as cheaply as some of the Continental roads handle hundredweights. But in the production of small quantities of specialties, to satisfy a small market, European manufacturers are ahead of us. The world has been accustomed to look to them for these special grades of goods, and doubtless will continue to do so for some time. Any one market may use but very few of them, but the demand of the whole world makes it worth while for some one manufacturer to undertake them. Some fancy articles, like passementeries and very fine grades of silk brocates, may be made to order on a hand loom, and no subsequent piece of the same pattern may ever be produced. In work which approaches this character America can not compete. Mr. Leake sees no reason why America should not produce every other kind of textile fabric. (276.)

9. *Import trade.*—Mr. DRAPER says that competition from China and Japan in the manufacture of cotton goods does not at present amount to much. It is likely, however, to become a very serious matter. If the Japanese and Chinese, with the low-priced labor which is at their command, continue to manufacture cotton goods, the present rate of tariff on cottons will not be sufficient to keep the Japanese and Chinese goods out. (469.)

Mr. CRAPO says that the competition of foreign cottons is chiefly in the finer grades, in which the labor cost is high. The importations of fine goods, which enter into competition with the cottons made in New Bedford, amount to about \$42,000,000 annually. Mr. Crapo thinks that goods of American manufacture could gradually be substituted for these imported goods. (536, 537.)

Mr. PIERCE says that the English cotton manufacturers have an advantage over the American manufacturers in wages and in about everything else. They have great advantage in the cost of the structure and equipment of the mills as compared with Americans. (542.)

10. *Export trade.*—Mr. CRAPO says that our foreign trade in cottons has been a

growing and increasing trade, apart from the interruption caused by the war in China. The exports of cotton goods have amounted to \$30,000,000 annually. (536.)

Mr. LOVERING says that the mills with which he is connected have a large export trade in cottons, the principal markets being South America and Africa. Very large amounts have been shipped to China, but the Chinese war has interfered with that trade. In South America and China American cottons have to compete with similar goods from other countries, chiefly with English goods. (529, 530.)

Mr. Lovering says that the Chinese are manufacturing cotton goods to some extent, but that their goods have never interfered with well-made, well-constructed American goods. They have gone to parts of China where the people were willing to use an inferior article. Mr. Lovering does not think that the Chinese can produce as good goods as can be produced in this country. The cotton goods made in India are not as good as those made in England. The Japanese took something like 100,000 bales of cotton from this country last year, and it must be, therefore, that the cotton-manufacturing industry is rapidly growing in that country. Germany has the advantage of free machinery. It is Mr. Lovering's opinion, however, that notwithstanding the high cost of labor in this country, a great many goods are made here at as low a price as they are made in Germany with the low-priced labor of that country. (533, 534.)

Mr. GODFREY says that about 6 per cent of the goods manufactured by the Eddystone Manufacturing Company is exported. The company sells largely to Great Britain, Australia, and Canada, as well as to South America and Continental Europe. To a greater or less extent it sells almost all over the world. It has not a large trade in China. Lots of American cotton goods are being exported to China, but they are not of the class of goods which the Eddystone Manufacturing Company produces. The company has been working up its foreign trade for some time. It is only within the last 5 or 6 years, however, that it has increased to any considerable extent. The company has agents who are Americans working in Great Britain, pushing its products among the stores in the larger cities in that country. The goods are always introduced as American goods. The quality of the goods forms the entering wedge for building up trade; afterwards the trademark helps to sell the goods. The English market is open to manufacturers from all countries, and the Americans compete with the best talent from all over the world in that market. The American manufacturers of printed cotton are entering upon a period of very extended foreign business, which will grow if present conditions are continued. If there should be a reduced consumption in this country, so that they would have to slow down in manufacturing, the cost of production would go up, and they would be at an additional disadvantage in seeking foreign markets; but, if the home market continues to be secured to them, there is no reason why they should not enlarge their foreign trade. (472, 473, 478, 479.)

Mr. Godfrey says that the prices of the goods exported by his company are—everything taken into consideration—the same as the prices at which goods are sold in this country. The company is able to go abroad and sell the goods at the full prices which are obtained for them in the United States. (473, 475.)

Mr. DAVIS does not see how any considerable foreign trade in crude print cloths could be established. The cloths should be printed or bleached or put in some form such as would enable the trader to sell them. So far as Mr. Davis knows, no crude print cloths are exported. Reciprocity treaties giving concessions to other countries in respect to noncompeting articles in return for concessions made to us would help our export trade. (592.)

Mr. LEAKE says that there is some export trade in cotton-pile fabrics, but that relatively it is very small. (273.)

11. *Handling of raw cotton.*—Mr. LOVERING says that the ideal way to pack cotton is in round bales. The cotton fiber is not in any way injured by being baled in the round form in the American cotton bale, and from 35 to 50 per cent more cotton can be put in a car or steamship than can be done if the cotton is packed in square bales. The density is very much greater in the round bale. There is less danger from fire in the case of round bales, and the percentage of cotton lost is very much less when it is packed in round bales than when it is packed in square bales. The cotton is cleaner, too, because very poor coverings are put on the outside of the square bales. (581.)

12. *Sales methods.*—Mr. CHASE says that the bulk of the unfinished print cloths manufactured in Fall River is sold to the converters in various parts of the country, usually through brokers. Cloths in the finished state are consigned by many cotton manufacturers to commission houses to be sold and distributed to the general trade. The unfinished goods sold by brokers are usually sold at a very much smaller rate of commission than that which is paid to the commission house selling the finished cloths. (555.)

Mr. PIERCE says that the bulk of the cottons manufactured in New Bedford is sold direct to the purchasers. Some saving is made by selling direct. (543.)

Mr. LOVERING says that cotton manufacturers sell their goods for export to local houses in New York which do business in foreign markets. Goods for the domestic market are sold through commission houses in Boston and New York. The looms of the mills with which Mr. Lovering is connected run very largely on orders, which are taken by the commission houses. (529.)

13. *Competition.*—Mr. GODFREY says that there is no combination of the manufacturers of printed cottons in this country, although there is such a combination in England. Competition in this country has been built up by the protective tariff, and is very active. As the result of this competition there have been improvements in machinery, so that the output has been increased, while at the same time the quality of the goods has been improved. Through competition, also, prices have declined and goods are being sold now at one-third of the prices charged for them 30 years ago. (473.)

Mr. CHASE says that there was an attempt a year or two ago to form a consolidation of the mills engaged in the manufacture of print cloths in Fall River, but the consolidation did not succeed. There was a consolidation of the mills making cotton yarns, into which all of the mills in Fall River entered. (563, 564.)

14. *Prices.*—Mr. LOVERING says that the prices of cottons have increased 20 per cent during the last 2 years, and 35 per cent since 1888. The increase has been due to the fact that there have been 20 10 per cent advances in wages and to the increase in the cost of supplies. (534.)

15. *Relation of labor cost to cost of production.*—Mr. GODFREY says that in the lower grades of printed cotton goods the labor cost forms about 35 per cent of the total cost of production. In the fine goods the labor cost is about 70 per cent of the total cost. This refers only the labor employed in the printing of cotton. It does not take into consideration the labor that was employed in producing the cotton or in transporting it, or in manufacturing it into the gray goods. (476.)

16. *Effect of tariff legislation.*—Mr. GODFREY says that the effect of the protective tariff has been to develop very active home competition in the cotton-printing business, and that because of this the manufacturers have been forced to look for foreign markets. The reserving of the home market permits them to turn out a very large product. That naturally cheapens the cost, and through the cheapening of the cost they are in better shape to compete in foreign markets. When the duties on gray cotton were lower than they are to-day, the company imported more, but under present duties it secures its supply of cotton goods in this country. The only goods that it was possible to import were goods in which the cost of the labor was a large part of the cost of the product. It was only fine goods that were imported, the labor cost of which would be from 60 to 70 per cent of the total cost. The prices of the finished products average as low now as when the gray cotton was imported. (472, 473, 476.)

Mr. Godfrey says that if printed cotton goods were admitted free into this country the surplus products of foreign countries would be dumped upon this country with every depression in the market which occurred in those countries. The result would be disastrous to American manufacturers. The first thought of the printed cotton manufacturers would be how much it would be necessary to reduce wages in order to compete with the cheap foreign labor. Men who had been making \$10 a week would be cut down to \$5. There are many people in this country who like to buy exclusive styles made in foreign countries and who can afford to pay for that class of goods. It is goods of that character that make up a large part of the imports of printed goods to-day. Cotton goods for the use of the large majority of the people of the United States are sold now fully as low as goods of the same character are sold in foreign markets, and they are of superior durability, workmanship, and style. If the tariff were removed, the English manufacturer would have so much business that he would probably double his prices in this country at once. The prosperity which comes through the tariff on other products is reflected in the printed cotton industry. For instance, if the iron and steel interests were depressed, a large number of buyers of printed cottons would be thrown out of employment and the depression would be reflected immediately in that industry. (475, 476.)

Mr. CRAPO says that so far as fine grades of cotton goods are concerned, the cotton industry is dependent on the tariff. The labor cost in the production of finer fabrics is very much greater than the labor cost in the production of coarse and heavy fabrics. Because of this, a higher rate of duty is put on the finer grades of cottons than on the coarser goods. It does not follow, because the coarser grades of cottons are exported, that the tariff on them could be dispensed with. There would be times when there would be an overproduction abroad and a glut in the

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English market, and goods would be sent here for sale at prices ruinous to the industry in this country. With a moderate duty on the coarser fabrics, this danger can be avoided. The tariff does not, in any way, stand in the way of exportation of cottons. (535, 536.)

Mr. DAVIS says that if the tariff on cotton goods were repealed or reduced there would be danger of more foreign competition. There would be times when European manufacturers would send large quantities of surplus goods into this country and sell them for less than the cost of production, so as to enable themselves to preserve their home market and the profits on the goods which they would sell in their home market. (532, 533.)

Mr. PICKER says that if the tariff should be repealed or reduced, it would depress the cotton industry, and the manufacturers would be obliged to revise the wage rate in order to meet competition. Foreign competition in the coarser grades of cottons is, under the present tariff, practically cut off. Still it would not be safe to dispense with the tariff on the coarser cottons, because of the danger there would be that foreign manufacturers would send their surplus stock to this country, and that there would be an influx of goods here which would be disastrous. (542, 550.)

Mr. LOVERING says that the cotton manufacturers can get along without any tariff on cottons because they can now beat England in many markets. The English can not now make a drill of the same standard as that made by American manufacturers and compete with Americans in China. Mr. Lovering does not think that there would be any danger of the dumping of surplus stocks in this country by foreign manufacturers in case the tariff was removed. The reduction of the tariff would result in a reduction of wages, but labor could buy more for the same amount of money than it is able to buy now. (533, 534.)

Mr. JACKSON, secretary of the Slasher Tenders' Union of Fall River, says that there is too much competition in the cotton business to-day, and that this competition has been brought about by the tariff on cotton goods. The tariff gave the American market to American manufacturers, and as a result there were enormous profits in cotton manufacturing for a while. Because of the profits, capital was invested in the cotton industry, especially in the South, where special inducements were offered. (537.)

17. *Earnings of cotton mills.*—Mr. KNOWLES says that the dividends paid by the cotton manufacturing companies must have been greater in 1900 than they were in the two or three years previous. The earnings of the cotton mills as given in the statement issued by William C. Hawes, however, are misleading. The Acushnet Mills appear by Mr. Hawes's statement to have paid dividends of 16 and 20 per cent. That, however, is based on a capitalization of \$500,000; whereas the property is worth much more. The stock is at a premium. The mills paid only a moderate dividend, not more than 4 or 5 per cent when business was profitable, and built up the property out of the earnings. (547.)

Mr. DAVIS says that the great bulk of the cotton mill property of Fall River can be purchased below par. This goes to show that the profits in cotton manufacturing are only moderate. There is a great deal of wear and tear in the mills, and it is generally understood that a mill should be largely renovated in the course of 15 years. The total capitalization of the cotton mills in Fall River is about \$30,000,000, but all the mills have been under-capitalized. For instance the Union Mills started with a capital of \$175,000. At that time the mills had only 15,000 spindles. When the mills had 70,000 spindles and were worth, without doubt, \$1,000,000 the capitalization still was nominally only \$175,000. (550.)

Mr. CHASE says that the King Philip Mills have declared a dividend every year for the last 15 years. The dividends have not varied according to the degree of prosperity; but the mills have paid dividends when they did not make any money, and have not paid larger dividends when they made a great deal of money. Usually the dividend has been 6 per cent, although there was 1 or 2 years when 7 per cent was paid. (550.)

Mr. PICKER says that the Wamsutta Mills, for a long series of years, have paid 6 per cent dividends yearly. Some of the other mills have not paid as much, and some have paid more. Previous to 3 years ago some of the mills did not pay anything. During the last 2 or 3 years some have paid 8 per cent. (544.)

Mr. JACKSON says that it has previously been the custom for the cotton mills in Fall River to issue their returns quarterly. Now, however, quite a number are concealing the amount earned. In almost every case they will state the dividends declared, but they do not state the amount earned. As a general thing, the mills pay an average of about 6 per cent. In some cases, however, special dividends have been declared. Inside of 10 years one mill declared special dividends of over 100 per cent. It is fair to state that the owners claimed that in this case the capital stock did not represent anything like the actual value of the mill. That

explanation would not hold now, however, as the mill is capitalized at present at its full value. The capitalization has risen from \$500,000 to \$1,200,000. The increase of capitalization represents a surplus earned by the mill, outside of the regular dividends declared. When cotton mills are well managed and have competent men at the head of them they make money, and always have made money. There are mills in Fall River which are so badly managed that no matter how productive the labor might be, it would be almost impossible for them to earn dividends. The waste in some of the mills is shameful. Many of the mills undoubtedly make large profits through having a large stock of cotton on hand when there comes an advance in the price. (583, 584, 585, 586.)

18. *Condition of business.*—Mr. LOVERING says that cotton manufacture is not profitable at the present time in the North, and things are looking very serious for the Southern properties. The companies with which he is connected have so far succeeded in paying dividends of 6 per cent per annum. For 3 years previous to the middle of 1900, business was better than for the 3 years previous to that, but during the latter part of 1900 business was in a poor condition. The prosperity of cotton manufacturing is very largely dependent on the general prosperity of the country, but more dependent on the price of cotton. The present depression in the industry is due in large part to the high price of cotton, and the high price of cotton is due to the fact of there being too small a supply to meet the demand. It has not been possible to advance the price of finished cottons enough to cover the advance in the price of raw cotton. Cotton fabric is more readily disposed of at a reasonably low price than at anything like a high price. (530, 531.)

Mr. CRAPO, testifying in February, 1901, said that at that time there was an overproduction in cotton manufacture, which had slackened demand. The last 3 years have been prosperous years for the cotton industry, very much more prosperous than were the 3 years preceding. The prosperity has been due in a great measure to the greater confidence in the stability of our currency, and has been due also to the fact that there has been no agitation of the tariff during the last 2 or 3 years. (537.)

Mr. DAVIS, testifying in February, 1901, said that at that time the cotton manufacturers had an accumulation of goods on hand. Cotton goods were selling at 8 cents, which is less than the cost of manufacture. The depression in the industry was due to the fact that the business had been somewhat overdone. There are more spindles than are needed. (590, 591.)

Mr. CHASE says that there has been a decided improvement in conditions in the cotton industry in the last 3 years, as compared with the 3 years previous. This has been due mainly to the general prosperity of the country. The removal of the fear that the currency would be placed upon a false basis, and the apparent settlement for years to come of the tariff question, have given people confidence to go ahead. (557.)

Mr. PIERCE thinks that the present sluggishness of the cotton industry is due to the recent rise in the price of cotton, and that there will not be any betterment in the market until it is more clearly known what the next cotton crop is going to cost. The rise of the price of cotton has affected foreign manufacturers as well as those of this country. (542, 543.)

Mr. JACKSON, testifying in February, 1901, contended that there was money in cotton manufacturing with the prices of cotton and cloth which ruled at that time. He had come to this conclusion from calculating the price of cotton and the cost of manufacture. It is safe to assert that a yard of cotton goods can be made as cheaply in Massachusetts as anywhere in the world. The fact that \$40,000,000 of cotton goods were imported into this country last year must be due, Mr. Jackson thinks, to the fact that there are a number of people who want imported goods, simply because they are imported. (585, 586.)

C. Labor organizations.—1. *Carders' Association of Fall River.*—Mr. JAMES TANNREY, secretary of the Carders' Association of Fall River, says that that association has 1,200 members, about 1,000 of whom are women or girls. The members pay weekly dues, and the association pays a weekly allowance to members who are out of work through strikes, lockouts, accidents, or breakdowns. It also pays death claims. (579.)

2. *Weavers' Progressive Association of Fall River.*—Mr. WHITEHEAD, representative of the Weavers' Progressive Association, says that that association is a voluntary organization of weavers in the cotton mills of Fall River, with about 2,800 members, including both men and women. It includes among its members employees working in all the different mills in Fall River where weaving is carried on. The dues are 10 or 15 cents a week. The association pays a weekly allowance to members who are out of employment, and also pays a death benefit. The organization has had a healthy growth during the last few years. It is not an

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incorporated association. If it were incorporated, the by-laws would have to be approved by the Secretary of State, and it is possible that it would be necessary for the association to have provisions in its by-laws which the State would not feel disposed to sanction. (573, 574.)

3. *Fall River Mule Spinners' Association.*—Mr. O'DONNELL, secretary of the Fall River Mule Spinners' Association, says that that association has from 650 to 675 members. All the spinners operating spinning machines in Fall River belong to the union. The association pays a death benefit and also pays a weekly allowance to members who are out of employment, or who are disabled on account of accidents met with while following their ordinary occupation. The association is not a chartered organization. The State law compels incorporated associations to make annual statements of their financial condition, and for that reason it has not been thought wise to incorporate the Mule Spinners' Association. It is not necessary for the members to make any contracts with their employers, as the work, except in the case of a few concerns, is paid for at a regular list of prices and by the piecework system. (564, 565.)

4. *Slasher Tenders' Union of Fall River.*—Mr. JACKSON, secretary of the Slasher Tenders' Union of Fall River, says that that association has 158 members, all of whom are men. The tending of a slasher is looked upon as skilled labor, as it takes some little time for a man to become proficient in it. A slasher is a machine which prepares the yarn for a weaver. The Slasher Tenders' Union charges an admission fee, besides having weekly dues. It pays a weekly allowance to members who are out of employment through strikes, lockouts, breakdowns, or fires. It does not pay a death benefit, except in case a man is killed at his work. (581.)

5. *Calico Printers' Union.*—Mr. GODFREY says that the printers now employed by the Eddystone Manufacturing Company belong to the Calico Printers' Union. The organization is a very strong one, and the company's shop is a union shop so far as that particular branch of skilled labor is concerned. (477.)

6. *Union labels.*—Mr. O'DONNELL says that there is no union label used in the cotton industry, because there are so many different departments in a cotton mill. One department might be thoroughly organized while another might not be organized at all. (565.)

7. *Attitude of employers.*—Mr. DAVIS says that the attitude of the manufacturers in Fall River toward labor organizations is entirely friendly, and that he does not think that the representatives of labor have any fault to find with the way in which they are treated by the manufacturers. (591, 592.)

Mr. JACKSON says that there is never any difficulty nowadays in securing a conference with the manufacturers in Fall River. Since Mr. Jackson has been secretary of a labor organization he has never met with but one refusal on the part of manufacturers to confer, and in that case there was a conference in the end. (582.)

Mr. GODFREY says that, on the whole, the Eddystone Manufacturing Company would much prefer to have its labor unorganized, but it would not do anything to destroy any labor union; neither would it do anything to favor it. The attitude of the Printers' Union is entirely satisfactory, and its members have always shown themselves to be reasonable. If all organized labor acted in accordance with the same principles, the company would have no objection to it. (477.)

D. *Relations of employers and employees.*—Mr. GODFREY says that the Eddystone Manufacturing Company keeps in as close touch with its employees in every way as it possibly can. A liberal and progressive policy toward labor is an advantage to the business. The company observes in every detail the factory laws of Pennsylvania, the provisions, as a rule, being proper and fair. The company closes its workshops at 12 o'clock on Saturday throughout the year. It provides for its employees a library with reading rooms, an assembly room, and a room for games. These privileges are quite largely taken advantage of. The company has had one difficulty with its employees. That occurred in 1886, when the Knights of Labor undertook to force the company to employ none but union men. (477, 481, 482.)

Mr. PIERCE says that in January, 1898, there was a general reduction of wages throughout New England in the cotton mills. As a result, the employees struck, and the mills were shut down for 13 weeks. The strike did not include the yarn mills. At the end of 13 weeks the mills were started up and ran for nearly a year at the reduced rate of wages; then wages were advanced 10 per cent. Later on, there was another advance of 10 per cent. The employees lost 13 weeks' pay, and the manufacturers, so some of them thought, did not lose very much. They had a stock of goods on hand, and were able to get rid of about all of it before the mills opened again. At the present time the relations with labor are very harmonious. (543, 544.)

E. *Conditions of labor.*—1. *Generally.*—Mr. DAVIS says that some years ago the State board of health in Massachusetts instituted inquiries concerning the

health of mill operatives as compared with the health of other classes of the population. The investigations made showed that there was as small a proportion of deaths among the mill operatives in Fall River as among the people of any other class. Some of the operatives in Fall River own their own homes. It is a question as to how many who are able to own their own homes care to own property of that kind. The taxes are quite high in Fall River, and the operatives find it about as economical to rent as to own a house. Deposits in the savings banks are quite large, one of the large institutions in Fall River having something like \$3,000,000 or \$4,000,000 of deposits. (594, 595.)

Mr. PIERCE says that as a rule the operatives in the cotton mills in New Bedford are thrifty and frugal. Quite a good many own their own homes. Some of the corporations provide tenements for their employees. (544, 545.)

2. *Nationality.*—Mr. CHASE says that the workers employed in the Fall River cotton mills are largely French-Canadians, Irish, and English. A large proportion of the employees have lived in Fall River for some time. (556.)

Mr. PIERCE says that the operatives in the cotton mills of New Bedford come from all over the world. In the northern part of New Bedford a large percentage of the operatives are French-Canadians; in the southern part of the city there is a large percentage of Portuguese. When the mills were first established, 50 years ago, the operatives were mostly English. French-Canadians have begun to be employed within the last 25 years. At the beginning, all the members of the family would work in the mills, and when money enough was accumulated, all would return to Canada. Now the men establish themselves in New Bedford and become citizens. (542, 544.)

Mr. LOVERING says that the labor employed in Southern cotton mills is altogether white labor, with the exception of scrubbers. White and negro labor can not be worked together. (582.)

3. *Machinery.*—Mr. WHITEHEAD says that improved machinery enables operatives to turn off considerably more work than they turned off with the old machines. The quality of the work has also been improved through the introduction of improved machinery. (577.)

4. *Wages.*—Mr. CHASE says that the wages of cotton-mill employees in Fall River have increased within the last 3 years, the increase having been made upon request after conferences with representatives from the employees. Operatives are paid mostly by the piece and wages are paid weekly in cash. There are no company stores in Fall River. (557, 558, 559.)

Mr. LEAKE says that wages in his particular branch of manufacture have increased about 10 or 15 per cent since the depression of 1893, but that wages in other textile manufactures at Philadelphia have increased more. His goods are largely staples, and come into competition with those produced by lower-paid labor in other parts of the country. A considerable part of the textile manufactures of Philadelphia consist of high-grade novelties and specialties. These call for a high class of skilled labor, and the pay in them is larger. (273.)

Mr. GODFREY says that according to his recollection unskilled labor in the cotton industry is paid a half more in this country than in England, while the wages of skilled labor are 140 per cent higher in this country than abroad. The wages paid to labor in the continental countries of Europe are lower than are the wages which are paid in England. Most of the skilled labor is found in continental countries. Engravers and printers in this country make from \$26 to \$31 a week. In Europe engravers and printers are paid about \$11 to \$12.50 per week. The wages of skilled labor in this country have been gradually growing higher. (477, 478, 479, 480.)

Mr. WHITEHEAD says that very few of the weavers in cotton mills are employed by the day; probably 95 per cent are employed by the piece. They get the same rate of wages for overtime work that they get for day work. (575.)

Mr. TANSEY says that the minor work in the carding room in the cotton mills of Fall River is done by women and minors, who receive from \$3.65 to \$4.50 a week. The card strippers, who are men, receive from \$6.50 to \$7 a week; the tenders, who are also men, receive from \$6 to \$6.75 per week, and the card grinders get from \$9.25 to \$12.50 per week, according to the number of cards they have to look after. (579.)

Mr. O'DONNELL says that the wages of the mule spinners in the Fall River cotton mills differ to a certain extent because of the difference in the length of the machines. The wages of the mule spinners range from \$11.50 or \$12 up to about \$18 per week. The wages paid at the present time are exactly the same as the wages paid in 1892. Between 1892 and 1897 there were 2 reductions in wages, and there have been 3 advances since 1897. (571.)

Mr. O'Donnell says that the employees in cotton mills would prefer always a curtailment of production, and therefore a curtailment of employment, to a reduc-

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tion of wages; because, if the market is stagnant, the reduction of wages does not help matters, as it leads to a reduction of price. If goods are not in demand, production must be curtailed until a demand is created. (571.)

5. *Fines*.—Mr. WHITEHEAD says that the weavers are the only employees in cotton mills who are subject to fines. The system of fines has caused a good deal of dissatisfaction and in some cases has led to strikes. The weavers are opposed to fines on principle, and they do not think that the manufacturers should be sole judges of the fact whether a weaver should be fined or not. There is a law in Massachusetts providing that a weaver can not be fined unless he consents to it. The enactment of this law was brought about by the injustice and imposition that had been practiced upon the weavers in respect to fines by overseers and superintendents. Weavers were sometimes fined for matters entirely beyond their control. There is some fining now, even when the weavers do not consent, but not on a large scale. (576.)

6. *Hours of labor*.—Mr. WHITEHEAD says that if people knew what the conditions are under which the employees in cotton mills have to work, they would realize that there ought to be a shorter working day. Conditions are different from what they were 25 or 30 years ago. The speed of the machinery has been gradually increased, and operatives have to keep up with it. An operative is compelled to turn out so much work per week, and if the amount of work accomplished does not keep up to the point required the operative is discharged. The requirements made are excessive and unreasonable. The operative has no control over the machine, and it is liable to break down; but this is not accepted as any excuse. (578.)

7. *Employment of women*.—Mr. CHASE says that about half of the operatives in the cotton mills of Fall River are women and girls. The frame spinners, spoolers, warpers, and web drawers are nearly all women. The mule spinners are men. (581.)

8. *Sanitary conditions*.—Mr. O'DONNELI says that there has been a great deal of improvement in the sanitary conditions of the cotton mills, but that there is room for much more improvement. Ventilation in many of the mills is very defective. (572.)

9. *American and European conditions compared*.—Mr. JACKSON says that the weavers and spinners and slasher tenders in cotton mills are paid more in England for the work they do than they are paid in this country. Their weekly earnings are not so great, for the reason that they do not do as much work. As long as a man is employed, he is better off in England than he is in this country, and has more of the comforts of life. When he loses his position he is not so well off in England as in the United States, because he has not as good an opportunity of getting other employment. The workers in England do not make a point of saving as do the workers in this country. They enjoy life more. Mr. Jackson thinks that a majority of the mill operatives in Fall River could not stand 2 weeks' vacation without suffering or without assistance from labor organizations. (586, 587.)

XV. COTTON MACHINERY TRADE.

A. Development of cotton machinery manufacture.—1. *Development of the spindle*.—Hon. WILLIAM F. DRAPER, president of the Draper Company, of Hopedale, Mass., says that his company has given special attention to the development of the spindle. The improvements in spinning made by the firm since 1870 have made it possible to double the production of cotton yarn with the same machinery, the same labor, and substantially the same power. In 1870, the limit of speed of the spindle was 5,000 revolutions a minute. An invention made in 1871 enabled the spindles to be run at about 7,500 revolutions a minute. A still further improvement made in 1878 gave to the spindle the power of unlimited speed, and the speed of the spindle is now limited by what the other parts of the machinery will stand rather than by what the spindle itself will stand. There are probably in this country, now, 15,000,000 so-called ring spindles. The cost of the machines per spindle is about \$4. That makes \$60,000,000 invested in spinning frames. This investment of \$60,000,000 is doing to-day what it would have required an investment of \$120,000,000 to do under the old method. The new spindles are not applicable to the mule. The very finest yarn is spun on mules. (460, 461, 470.)

2. *Development of the loom*.—Mr. DRAPER says that extensive improvements have been made in looms, and that a new style loom is now being introduced which will enable a weaver on ordinary plain goods to run at least twice as many looms as he has been able to run in the past. Taking print cloths as the standard, a weaver in Italy can run from 1 to 2 looms; in England, from 2 to 4; in the United States, with the best looms made previous to the introduction of the very latest improvements, from 6 to 8 looms. With the most improved style of loom which

is now being introduced by the Draper Company, which is the Northrup loom, a weaver can run from 16 to 20 looms, and produce as much cloth per loom, and cloth of as good quality, as is produced running the smaller number of looms of the old pattern. The Northrup loom automatically places the bobbin in the shuttle. On other looms this has to be done by hand by the weaver. Another improvement embodied in the Northrup loom is what is called a warp-stop motion, which stops the loom whenever a warp thread breaks, thus preventing bad places in the cloth. Altogether, it is easier for a weaver to run 16 Northrup looms than to run 8 of the ordinary kind. There has been a comparatively great demand for these looms, and during the past year the Draper Company has turned out 2,000 per month. It will be necessary for cotton manufacturers who desire to make money to equip their factories with these looms. The company spent 7 years experimenting on the loom, and spent several hundred thousand dollars in experiments before one suited for practical use was produced.

Foreign manufacturers can obtain looms of this pattern either by ordering the machines in this country or by purchasing the patents taken out abroad. The shops in France, Switzerland, and Austria are beginning to build these looms. The company has held back from introducing the patents abroad because it was felt that a complete introduction in this country first was desirable.

It will be possible to use the Northrup loom in the weaving of woollen goods. So far the looms sold have been adapted only up to 5 harnesses. There is no reason, however, why they should not be adapted to a larger number of harnesses or even to Jacquard weaving.

There had been no radical improvements in ordinary power looms for more than 50 years previous to making the improvements embodied in the Northrup loom. (461, 462, 463, 470.)

B. Conditions of capital and business.—1. *Draper Company.*—Mr. DRAPER says that the Draper Company is the final outgrowth of a business which was established about 1820. The founder of the business invented what is called a temple for weaving, which is a device which keeps the cloth extended during the process of weaving. In 1865 the company employed only 50 hands, in 1896 it employed 1,200 hands, to-day the employees number 3,000. A great many of the employees have been with the company for a good many years. Substantially all the old employees who are living are still employed by the company. The company has never had a general labor difficulty. With the exception of a difficulty which arose between one of the company's contractors and his men there has never been a labor difficulty involving over 20 men. The labor in the foundry is organized. The employees are almost entirely men, only 10 women being employed. Few if any boys under 16 are employed.

The company manufactures looms, spindles, and the running parts of frames; twistors, spoolers, warpers, reels, and various other kinds of machinery used in the manufacture of cotton cloth. The machinery is sold direct from the home office through agents. The company sells probably from 10 per cent to 20 per cent of the cotton machinery sold in the country. (460, 463, 464, 465.)

2. *Competition.*—Mr. DRAPER says that there are a large number of concerns in this country manufacturing cotton machinery. These concerns are, for the most part, competitive. The Draper Company, in the great bulk of its business, is protected by patents, however. There was an effort a year or more ago to form a combination of the manufacturers of cotton machinery, but the effort failed. One reason for the failure was that the individual manufacturers had a certain pride in their establishments, and feared lest their shops might be closed if a combination were effected. Another reason why the combination failed was the general fear on the part of manufacturers that the business, being one which requires a great deal of detailed knowledge in its management, would not be so well conducted if interests were combined. If a sufficiently good management could be obtained, it is probable that business could be done more cheaply under a combination than when done under individual management. A dozen shops that are making a dozen different kinds of machinery could be so changed that each one of the dozen would make only one kind of machinery. In this way considerable economy could be effected. On the other hand, however, there is difficulty in getting men with sufficient ability and sufficient technical knowledge to manage such an extensive business as that which would be done by a company which was a combination of all the various interests. (467, 468.)

3. *Prices.*—Mr. SIMEON B. CHASE, treasurer of the King Philip Cotton Mills, says that the price of cotton machinery is somewhat higher now than it has been in recent years. This is due to the fact that there has been more demand for it, and that the cost of the raw materials is greater. (558.)

4. *Import trade.*—Mr. DRAPER says that more or less English cotton machinery

is now imported because of the low prices of that machinery. American manufacturers would prefer American-built machinery to English machinery if they could get it for the same price. So far as all ordinary cotton-manufacturing machines are concerned, American machines are in every way as good as English machines and, as a rule, better. The ordinary cotton mill can supply itself fully in the United States, and get a better outfit of machinery than it would if it bought its machinery in England. Very little improvement in cotton machinery is made in England. The great improvements of the last quarter of a century have substantially all been made in this country, and have been slowly adopted in England. As far as the quality of the work is concerned, American mechanics do better work than do English mechanics. The machinists' tools used in the shops in this country are better than those used in English shops. Wages paid in English shops, however, are materially lower than the wages paid in this country, and therefore English machinery can be produced at a lower cost. (466, 467.)

Mr. CHASE says that both American and foreign machinery is used largely in cotton mills. For the last few years, however, there has been very much less foreign machinery imported. When new machinery has been put in, there has been more American machinery put in than was formerly the case. There has been much improvement in some directions in American machinery, and the best American makes of most machinery are as good, and in some cases better, than foreign makes. (557, 558.)

Mr. KNOWLES, member of the executive committee of the New England Cotton Yarn Company, says that a large proportion of the machinery used in the cotton mills with which he is connected is English machinery. At the time that the mills were established, English machinery was considered better than American, though probably it was not so cheap. A large part of the machinery which would have been imported at the time the mills were built is now made materially better in this country than in England, and if the mills were to be equipped to-day, it would probably be with American machinery. (548.)

5. *Export trade.*—Mr. DRAPER says that the Draper Company is as a rule not selling any goods other than samples abroad. It has had an order for some 800 or 1,000 looms of the improved type from Japan. This order was given because of the special features possessed by these looms. The Japanese buyers were in doubt, however, whether the labor-saving feature would be of much account to them because of the cheapness of labor in Japan. American machinery is not exported because it costs more than foreign machinery, the greater cost being due to the higher wages paid to labor. Substantially 40 per cent of the cost of the machinery is labor cost. That includes only the labor actually employed in the manufacture of the machinery. It does not include salaries. There does not seem to be any probability that American cotton machinery will be sold in the immediate future in foreign markets in competition with the cotton machinery manufactured in England. (467, 468.)

6. *Effect of tariff legislation.*—Mr. DRAPER says that if the tariff on cotton machinery were reduced there would be either a corresponding reduction in wages or a corresponding increase in importations of foreign cotton machinery and a decrease of American production. (467.)

Mr. ROBERT T. DAVIS, president of the Stafford, Wampanoag and Algonquin Print Mills, says that he does not believe that it would be for the advantage of the manufacturers of cotton, in the long run, to have the duties on cotton machinery reduced or removed. Cotton machinery equal to that made in England is now made in this country, and there has been a constantly increasing use of American machinery. The difference in price between English and American machinery is not very great. Mr. Davis has been informed that the labor cost of machinery in England is just about one-half of the labor cost of similar machinery in this country. That being the case it would be disastrous to the manufacturers of cotton machinery in this country to have the tariff on cotton machinery removed. (503, 504.)

Mr. KNOWLES, member of the executive committee of the New England Cotton Yarn Company, thinks that it is doubtful if the cotton manufacturers would be better off in the end if the duties on cotton machinery were reduced or repealed. They would be better off to be protected on their own product even if the first cost of the mills were a little higher. If the tariff on machinery were reduced it would naturally affect the labor employed in the production of the machines. It is not likely that the cotton manufacturers would feel any disadvantage through that, but if the policy of tariff reduction were applied generally to mechanics the cotton industry would certainly be affected. (548.)

Hon. WILLIAM W. CRAPO, president of the Wamutta and Acushnet Cotton Mills, says that a reduction of the tariff on cotton machinery is not called for. There has been a steady improvement in American machinery, and the amount

of machinery which is now bought abroad, in comparison with what is made at home, is so small that it seems unwise to endanger the welfare of the shops in this country which are engaged in making cotton machinery. (537.)

Mr. CHARLES L. LOVERING, treasurer of the Merrimac and other cotton mills, says that he would like to have the tariff revised. He would like to be able to get cotton machinery at lower prices. The manufacturers of cotton are handicapped by the high cost of machinery. The English manufacturer can build a mill for one-third of what it costs the American manufacturer. The machinery builders of this country, under the protection which they have, have been enabled to combine, and the prices charged for machinery are uniform. (533.)

C. Conditions of labor.—Wages.—Mr. DRAPER says that a great deal of the labor in the manufacture of cotton machinery is done by the piece, both in England and in this country, and piece prices there are substantially lower than they are here. Some years ago a comparison between the wages paid by the Draper Company and the wages paid in a cotton machinery factory in Lancashire, England, was made, and it was found that the Draper Company was paying a trifle more than double the amount for piecework which the English manufacturer was paying. The average of the wages paid by the Draper Company was \$12 a week, while the average of the wages paid in the shops in England was 1*s*. This comparison was made 3 or 4 years ago, but it is probable that conditions to-day are very much the same. (466, 467.)

XVI. WOOLEN TRADE.

A. Conditions of capital and business.—1. American Woolen Company—Organization and capitalization.—Mr. WILLIAM M. WOOD, treasurer of the American Woolen Company, says that that company manufactures all varieties of woolen goods, except ladies' dress goods and perhaps the very cheapest shoddy goods. The company also spins worsted yarns, but does not manufacture any knit goods. It was formed by the combination of 26 corporations. The owners of the larger companies which entered into the combination came together and associated with themselves other companies, and then formed the organization. Afterwards they bought in some other plants. The company is potent in the woolen business, but it does not possess a monopoly. On the contrary, there is the liveliest kind of competition in the industry. The authorized capital of the company is \$85,000,000, of which \$30,000,000 is 7 per cent cumulative preferred stock and \$40,000,000 is common stock. Of this there has been issued \$30,000,000 of preferred and \$39,501,100 of common stock. The large manufacturers came together and determined upon the fair valuation of the buildings and machinery taken over.

The mill buildings contain 5,180,065 square feet of floor space; there are 5,410 looms, 298,980 spindles, 541 sets of cards, and 186 combs. The board of directors consist partly of men who were in the boards of the constituent companies and partly of financial men. Mr. Wood gives a list of the officers of the company. (513, 514, 516, 517.)

2. Advantages of combination.—Mr. WOOD says that numerous advantages have been secured through consolidation. The selling of goods direct has been a great feature in economizing. There has also been an advantage gained because of the facility with which different managers may compare notes in respect to the running of their various departments. As a result of this, the plants have been run better. By the centralization of business the company has been able to buy its supplies more economically. Economies have also been realized through the fact that it is possible to transfer materials from one mill to another, so that when one mill can not use its waste product, the product can be sent to another mill and used there. There has also been a great saving in freights through combination. (514.)

3. Effect of combination on employment.—Mr. WOOD says that since the formation of the American Woolen Company there has been an increase in the number of employees. The average number of employees at the time of the organization of the company was 15,300. Now, the employees number 17,108. The reason for the increase in the number of employees is that the combination has been able to command more business through the reduced cost of manufacture. Goods are sold to jobbers and to manufacturing clothiers. No branch houses are maintained, but the goods are shipped directly from the mills to the buyers. A large number of travelling salesmen are employed.

The company has shut down one plant, entirely dismantling it. The plant was antiquated and located in an undesirable place for woolen manufacturing. The machinery was transferred to other mills, so that the capacity of the dismantled

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mill was not lost. It had been closed for some time, and the employees had disappeared. (514, 518, 520.)

4. *Effect of combination on wages.*—Mr. WOOD says that since the formation of the American Woolen Company there has been an average increase in wages of 10 per cent, and the company is to-day paying the highest wages ever paid in this country in woolen manufacturing. When the company was organized the payroll amounted to \$109,696.18 per week. Now it amounts to \$141,982.86 per week. (514, 520.)

5. *Production and consumption of wool.*—Mr. JUSTICE, a wool merchant of Philadelphia, says that about 500,000,000 pounds of wool is consumed in the United States every year. Since each sheep produces between eight and nine pounds, it would take probably 60,000,000 sheep, or 20,000,000 more than we have now and 10,000,000 more than we had in 1884, to supply our present demand.

Referring to the fact that the per capita consumption of wool in the United States has fallen from 9.07 pounds in 1890 to 6.7 pounds in 1900, Mr. Justice says that this fact is not due in any way to the protective tariff, because a similar falling off in consumption has taken place all over the world. He bases this conclusion on the decrease of wool production in the great wool-exporting countries, Argentina, Australasia, and the Cape of Good Hope. In 1892 these countries exported 2,540,000 bales of wool. In 1895 their exports had risen to 2,780,000 bales. In 1899 the product had fallen to 2,530,000 bales. This is less than was produced in 1892, although the population of the wool-consuming countries has increased.

Mr. Justice says that one great difficulty in increasing the wool product of the United States is that the farmers find it more profitable to sell the lambs for slaughter than to keep them for wool. He adds: "The wool clip of the Southern Hemisphere, taking the whole of it, is decreasing because the animals that are held for wool are decreasing. They are being fattened for market." Elsewhere he says, however: "Owing to the great stimulus imparted to the frozen-meat-export industry in the Argentine Republic by the perfection of refrigerating methods and by the quick perception of the possibility of profitable expansion of the business, the flocks in that country have increased until their annual clip is now estimated at one-fifth of the entire production of the world."

Mr. Justice says that the bulk of the wool clip of the United States comes from Merino sheep. They make very good mutton, but not so good as the half-breeds produced by crossing English rams on Merino flocks. These half-breeds are the best mutton sheep, and they produce a medium grade of wool, known as half-blood merino. (370-372, 374, 376, 388.)

6. *Importations of wool.*—Mr. JUSTICE, when testifying in December, 1900, did not think that the American wool market was yet free from the wool which was imported in the last months of the Wilson law in anticipation of the duties of the Dingley act. He presents an estimate of the amount of wool on hand in the country at the beginning of each year, being 894,000,000 pounds in 1897, 795,000,000 in 1898, 762,000,000 in 1899, 590,000,000 in 1900, and 479,000,000 in 1901. The annual consumption he gives as 460,000,000 pounds for 1897, 400,000,000 for 1898, 550,000,000 for 1899, and 525,000,000 for 1900. The large stocks of imported wool on hand have, he thinks, hindered the American wool producer from realizing the full benefit of the existing tariff. There was no excessive importation of cloth in anticipation of the Dingley law, because the use of a particular cloth is a matter of fashion, and it would be unsafe and unprofitable to lay in a large supply. (382, 383.)

Mr. WOOD, who testified in February, 1901, thought that at that time the wool which had been imported previous to the enactment of the Dingley law had been about absorbed. The large importations, however, had, in his judgment, delayed the consumption of domestic wool, so that there was a certain amount of wool in the country that probably would not have been here except for the large importations. (519.)

7. *Quality of American wools.*—Mr. WOOD says that the wool produced in this country is superior to foreign wools in some respects. For some purposes the foreign wool is preferable, and in the blending of certain fabrics for which there is demand it is necessary to use foreign wools. (516.)

8. *Skirted wools.*—Mr. JUSTICE says that skirted wools are those which have been improved by removing the least valuable parts of the fleece, such as the leg and belly pieces. The Dingley tariff provides that wool which has been sorted or increased in value by the rejection of any part of the original fleece shall pay twice the duty to which such wool would otherwise be subjected; provided, however, that skirted wool as imported in 1890 is excepted. Though skirting was not extensively practiced before 1890, the importers were able to secure evidence that it was actually practiced in Argentina in that year, and many Argentine wools so prepared for market are admitted on payment of a single duty. On account of the greater average length of staple, many manufacturers prefer these skirted

wools to the unskirted domestic. They require no sorting and are often used just as they are received in the original bale. No class of American wool can be used without sorting. (391.)

9. *American and English methods of manufacture compared.*—Mr. STEEL, a worsted and woolen manufacturer, says that in America these manufactures are carried on by single establishments, from the wool to the dyed and finished cloth. In England each separate process—the combing, the spinning, the weaving, the dyeing and finishing—is made a separate business. He believes that one element of cheapness connected with manufacturing in England is to be found in this separation of businesses. He thinks it is a more economical method than the American. (247.)

10. *Woolen machinery.*—Mr. STEEL says that the great bulk of the machinery used in the manufacture of woollens has to be imported. Some of the machines can be bought in this country, but probably not over 15 per cent of the equipment of a mill. The machines are generally of foreign invention, and the foreign makers have a monopoly of the building of them. Mr. Steel thinks that they are probably able to build them more economically. (246.)

11. *Use of shoddy.*—Mr. JUSTICE declares that the use of shoddy in the United States was never so great before the Wilson tariff act was passed as it has been since. Under that law, our markets were flooded with the products of foreign manufacturers and our mills were shut up. Those which survived had to make their woolen cloth with a large percentage of cotton and shoddy. Mr. Justice presents statistics of the importation of shoddy, noils, waste, etc., showing that during 1891, 1892, and 1893, under the McKinley law, the importation of these materials ranged from 215,000 to 322,000 pounds a year; during 1895, under the Wilson law, they were over 20,000,000 pounds, and during 1896 over 17,000,000. In 1897, when a tariff on all woolen materials was expected, and when it was desired, therefore, to lay in a stock for several years, the importations rose to nearly 45,000,000 pounds. During 1898, 1899, and 1900, under the Dingley law, the importations ran from 223,000 to 500,000 pounds. (376.)

Mr. WOOD says that a great volume and variety of woolen goods are now being made and there are more substitutes for wool used than ever before on account of this increased volume and variety. The increased use of substitutes has been particularly noticeable during the last year, since the great rise in wool. It is not due to the Dingley law so much as to the speculation abroad in wool. It is due also to the popular demand for cheap goods. Cotton is used more than ever before, and domestic wool waste and shoddies are also used. Shoddy is wool that has been worked one or more times before. Commercially there is no difference between shoddy and wool extracts, although there is a difference in preparing the stock. Foreign shoddies are not now imported. The substitutes are mixed in with the wool in the spinning or carding, and in some instances before carding. Often in overcoating a cotton warp is used, and there are also cotton-mixed cassimeres where the cotton is mixed in so that it can hardly be distinguished with the naked eye, though it could be discovered by chemical analysis. There is a method by which wool can be wound around a cotton core so that the yarn is hardly discernible from the real wool yarn, but the American Woolen Company does not make use of that method. It is used in a small way by knitters.

In some cases the use of cotton gives a better finished cloth, and, considering the price of the cloth, its use is an advantage. Cloth made of shoddy would not have the durability of cloth made of pure wool. Goods in which cotton is used are more durable than those in which shoddy is used. In general, the coloring in goods made of wool substitutes is not so satisfactory as the coloring in pure woollens. Goods in which shoddy is used are in general use, and the use of shoddy is on the whole a benefit to the public, because a very satisfactory piece of cloth can be bought for very much less money than that for which cloth made entirely of wool could be bought. There has been great improvement in the methods in which waste products are utilized. The higher grades of cloth are pure wool. There would be no occasion to introduce shoddy into very fine goods except perhaps for backing purposes. A very small percentage of shoddy is used in medium-priced goods. Substitutes for wool are used to greater perfection abroad than they are in this country.

Cloths containing shoddy are sold on the market for what they are. (515, 517, 518, 519, 520.)

Mr. STEEL states that each class of goods is made in England in a district of its own, and that there is one district almost entirely devoted to the manufacture of shoddy or, as it is called there, mungo. It is true that shoddy is used in making very good articles. Mr. Steel understands that "in Germany, where they make the finest broadcloths, they can not give them the proper finish without the use of

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a certain proportion of what they call mungo. It gives a higher luster, a higher finish, to the goods." (240.)

12. *Quality of American woolens.*—Mr. WOOD says that the worsteds manufactured by the American Woolen Company are superior to the Bradford goods. There is no reason for importing foreign woolens. Those manufactured in this country are quite equal to the foreign goods, although there are some very expensive foreign goods, into which more labor is put than is put into any goods in this country, which are superior to American products. Those, however, are exceptional goods. American kerseys are superior to foreign kerseys. The clay diagonals made in this country are more honest than the foreign goods, and there are no clay diagonals made anywhere which are superior to some made in this country. The public is beginning to appreciate the quality of American-made woolens.

In the dyeing of woolens there has never been a higher degree of success than now. Each dyer, of course, has his own methods, though practically the same formula is used in this country as is used abroad. The manufacturers here avail themselves of the most desirable dyestuffs, whether manufactured in this country or elsewhere. (515, 517, 519.)

13. *Prices.*—Mr. WOOD says that cloth was never made so cheaply under protected wool as it is being made to-day. People are paying more for the same goods now, however, than they did under free wool, as the manufacturers are paying more for wool than they did then. (516.)

Mr. STEEL, who has had experience both in England and in the United States, says that the prices of woollen goods are considerably higher in this country than in England. "The raw material carries a duty, and of course there are the higher wages and the greater expense generally attendant upon carrying on the mill. The general expenses, cost of plant, and all that, are very much higher here than in England." The difference in price is not always as great as the tariff. This is especially true of the commoner class of goods, partly because of the competition among American manufacturers, partly because they require less skill, and partly because these cheap goods "are well protected by the weight duty—the specific duty." (239.)

Mr. FOLWELL, a woollen manufacturer, says that prices are considerably higher now than under the Wilson tariff, because wool is higher. They are no higher in proportion to the cost of raw material. Perhaps they are rather lower than under the Harrison Administration, on account of the increase of competition and the larger scale of manufacture. (215, 217.)

14. *Export trade.*—Mr. WOOD says that there can be no export trade in woolens successfully built up until the manufacturers can buy raw materials as cheap as foreign manufacturers get them. In addition to having free wool or a rebate equal to the duty on all wool used, there would have to be sufficient protection on woollen manufactures to equalize the difference in wages and interest. In some instances woolens have been exported, but the attempt was largely experimental, and there has never been a successful export trade in woollen manufactures. (515.)

15. *Cancellation of orders.*—Mr. STEEL refers to the custom of the trade which permits the cancellation of orders as the principal difficulty in his business. Orders are not regarded as binding, and the cancellation of them leaves on the hands of the manufacturers quantities of goods which they have to sacrifice. (239.)

16. *Depression of business.*—Mr. FOLWELL, testifying in December, 1900, said that the woollen business was somewhat depressed at that time in consequence of a sharp decline in the price of wool. This had led all buyers to restrict their purchases to their immediate needs. When things were fairly settled, Mr. Folwell expected a good business again. (214.)

Mr. JUSTICE declares that American manufacturers never supplied so large a part of the demand of the American people for woollen goods as at present. Running full time, they can make in 12 months as many goods as the American people can consume in 15 months. They did run full from July, 1899, to July, 1900, employing more people and paying higher wages than ever before. They thus overstocked the market with woolens. (879.)

B. Tariff legislation.—1. *Effect of tariff on wool on production.*—Mr. JUSTICE declares that the wool product of the United States has never decreased except when there has been no tariff on wool, and that under protective tariffs it has increased faster than that of any other nation in the world. From 1873 to 1884 we had the highest tariff on wool that we have ever had—12½ cents a pound. The tariff law of 1888 reduced the duty to 10 cents a pound. The McKinley tariff fixed it at 11 cents. The Wilson tariff act of 1893 repealed it altogether. The Dingley law of 1897 fixed it again at 11 cents a pound. From 1873 to 1884, under the highest tariff, the wool clip of the United States increased 100 per cent. That of Australasia increased during the same period 64 per cent; that of Argentina, 85 per cent; that

of the Cape of Good Hope, 60 per cent. Mr. Justice characterizes all these countries as "free-trade countries," or countries which have no tariff to foster or stimulate the wool industry. In Great Britain during the same period the wool clip decreased 19 per cent. In 1880 there were about 40,500,000 sheep in the United States. By 1884 the number had increased some 25 per cent, to about 50,500,000. But the 10-cent duty under the law of 1883 was an inadequate protection. In 1888 the number had decreased to 41,500,000. As soon as Mr. Harrison was elected President, "it was confidently believed and asserted that adequate protection would be given to wool growing, and the McKinley law was the culmination of that promise," in that it raised the duty from 10 cents to 11 cents. The flocks increased to 47,000,000 head in 1893. Then the Wilson tariff act brought free wool, and sheep were fattened and sold to the butcher. In 1896 the flocks numbered only 36,500,000. Upon the election of McKinley, even before the Dingley act was passed, they began to increase again, and by 1900 they numbered 40,000,000. (372-374.)

Mr. Justice thinks that it would have been most unfortunate if the reciprocity treaty which was proposed between the United States and Argentina, reducing the duty on Argentine wool by one-fifth, had been confirmed. Our imports of wool from Argentina are larger than from any other country except British Australasia. The United States takes practically all the carpet wool produced in Argentina. The name of carpet wool is misleading, since a very large part of it is used in clothing and blankets; but the amount of this coarse wool produced in Argentina is rapidly decreasing. Only about 3 per cent of the Argentina wool clip is now carpet wool, and over 60 per cent of the wool brought from Argentina into the United States is of finer grade. Almost all the wool produced there is similar to our own product. With a reduction of one-fifth in the duty, we should soon import more wool, similar to that which we ourselves raise, from Argentina than from all other countries. While the wool production of the countries of the Southern Hemisphere, other than the River Plata countries, decreased 12½ per cent from 1895 to 1900, the wool exports from the River Plata increased 8½ per cent. Argentina has been for several years the largest buyer of fine and pedigree sheep in the world. She is going through the same course of development which New Mexico went through—in the replacement of sheep that produced coarse carpet wool with finer breeds.

As to the argument for a reciprocity duty, that our exports to Argentina, and particularly our exports of agricultural implements, would be greatly increased if we took her products on more favorable terms, Mr. Justice presents a statement showing that during the 3 years 1897, 1898, and 1899 only 7½ per cent of the exports of wool from Argentina went to the United States and 92½ per cent went to Europe, while 91½ per cent of the Argentine imports of agricultural implements came from the United States and only 8½ per cent from other countries. In 1897, when we took wool without duty, Argentina bought less than \$500,000 worth of agricultural machinery of us. In the 2 years 1898 and 1899, when wool came in under a duty of 11 cents, or, including carpet wool, perhaps on the average about 10 cents, we sold over \$3,000,000 worth of machinery to Argentina. (396-396.)

Mr. Justice says that wool can not be produced in the United States, where sheep have to be housed and fed grain part of the year, in competition with the Southern Hemisphere, where they graze out all year round. Even in the territories where they graze over Government land hay must be cut for them for the winter. (392.)

Mr. Wood thinks that the woolgrowers would be better off under free wool. In some of the Territories and States the clip of wool actually increased during the free-wool period. In the eastern or farming States it decreased, but it had been continuously decreasing for many years. The American farmers do not seem to care to raise wool, but there is reason to believe that wool can be raised in the ranch States as cheaply and as advantageously as in Australia. In some localities, perhaps, flocks decreased rapidly under the Wilson law, but since wool is a by-product of the farm the probabilities are that the eastern woolgrower would receive about as much under free wool as he does now. Wool is not now such an important branch of husbandry in this country. It is chiefly in the hands of a few growers west of the Mississippi, and more than one-half of the clip of this country is raised on ranches, and largely, it seems, on free Government lands. The industry would not be injured by free wool. The business of raising wool in the far Western States where land is free is too profitable to be abandoned, and would continue to increase even though it should decrease in the East. There is not enough wool raised to supply the world's demand, and substitutes have to be resorted to. Wool will be wanted, and the demand will bring the production and encourage the raising of wool. The removal of the tariff would not necessarily increase the demand for wool, though the demand would be likely to be affected

if the price were lower. The natural expectation would be that this increase of demand would tend to bring up the price of wool. (516, 517, 518.)

2. *Free wool; attitude of manufacturers.*—Mr. JUSTICE states that there were only a dozen or 15 wool manufacturers in the United States who desired the experiment of free wool to be tried, and it was tried under the Wilson bill, and that every one of them, without exception, has confessed that it was a serious and costly error. Only very few woolen manufacturers will admit that wool duties are not too high; but while they would like to have them lower, not a single man is willing to take the risk of tariff changes. They prefer to endure any disadvantages they are at rather than to have a change even broached. (382, 397.)

Mr. DORNAN, a manufacturer of ingrain carpets, says that there were both advantages and disadvantages in the experiment of free wool. "The advantage of cheap material was a favorable factor; the loss of a market by reason of the want of employment of the working people was a factor the other way." (314.)

3. *Effect of tariff on prices of wool.*—Mr. JUSTICE says that in 1895 and 1896, when the Wilson tariff law was in full force, wool brought no more money in America, and sometimes even a little less money, than wool of the same kind brought in London. "The American woolgrower had been persuaded that if the tariff was taken off the American demand would elevate the London price, and he would get as good a price for his wool without tariff as he did before; but instead of that the London price declined a little, and the American price declined a great deal; and it fell from 20½ cents under the McKinley law in 1892, to 17½ cents under the Wilson law in 1895. In 1896, the price had gone up in London to 19 cents, but in the American market it only raised to 18 cents. It was worth actually one-half cent a pound in the American market less than the same wool brought in free-trade London. But in 1897, when the Dingley act was passed, prices immediately went back, so that on January 1, 1900, merino wool was worth 36½ cents in the United States that had been worth only 17 cents under the free-trade period, and which was worth only 31 cents in the London market at that time (January 1, 1900)."

October 1, 1900, the price of No. 60's tops was 44 per cent lower than that of January 1, 1900; 32 per cent lower than the average price of 1899, and 10½ per cent lower than the average price of 1892. The London value of XX Ohio, a similar wool, was 33½ per cent lower than the average price of 1899, and 12½ per cent lower than the average of 1892. On the other hand, the value of XX Ohio in the United States, where it was protected by the Dingley tariff, was only 3½ per cent lower than the average of 1892. In 1892, under the McKinley act, the American prices averaged only 10 cents a pound above London prices. In 1900, however, XX Ohio wool would not fetch over 17 cents in London, while its value in the United States was 28½ cents, a difference of 11½ cents. (378, 379.)

Mr. Justice says that the tariff makes a difference of about 75 cents a pound on the pure scoured wool which enters into a suit of clothes. The suit which he had on contained about 8 pounds of wool, so that the wool tariff made a difference in the cost of it of about \$2.25. (379.)

4. *Effect of tariff on wool on manufacture.*—Mr. WOOD says that with free wool and adequate protection on manufactured goods the woolen manufacturers could keep their mills much better engaged and could give employees more steady work. They would be enabled to produce a greater volume at a lower cost, and conditions would thereby be created which would admit of the exportation of goods. If the manufacturers were in a position to export, they could keep their machinery employed at times, when now it becomes necessary to shut down. Previous to the last election and incidental thereto, one-third of the machinery of the American Woolen Company was idle for months, and there was a loss to its employees of \$1,000,000 in wages. If the company had been able to export goods, this idleness and loss of wages might have been prevented, and the people of the country would have received great benefit in cheaper goods. The duty on wool is handicapping the woolen industry. Elsewhere, Mr. Wood states, that the mills are busier now than they were during the free wool period. During the years from 1894 to 1897, he says, under the free wool tariff, the woolen manufacturers suffered materially from the competition of foreign made goods. There was competition in most grades of goods, though the competition was, perhaps, more severe in the finer goods. Still the American manufacturers were able to meet about everything that could be made abroad, except perhaps overcoatings and fabrics of that description. They did not have sufficient time to try the free wool experiment satisfactorily. It is probable that if they had been given sufficient time they could have held their own, provided, always, that protection on the manufactured goods had been maintained. (515, 516, 518, 519.)

Mr. FOLWELL, a woolen manufacturer, testifies that his trade had no more than

got established under the McKinley bill before the Wilson bill was passed, and free wool, coupled with the importation of goods at a much lower price, stopped his mill. He only ran about half his capacity during the period of the Wilson bill. The markets were flooded both with goods and with wool. "But it is pretty well over now, and if we are simply let alone I think everything will work out right. In other words, with our trade any legislation, either one way or the other, will unsettle us." (214, 215.)

5. *Effect of tariff on woolens on manufacture.*—Mr. WOOD says that if the tariff were removed from woollen manufactures this country would be inundated with foreign goods. American woollen mills would be obliged to close, and could only resume operations through adjusting labor costs to meet European conditions. Even if they had free wool the manufacturers would be emphatically opposed to the abolition of the tariff on woolens. The woollen manufacturers do not look upon the tariff on woolens as a tax on the consumers. It certainly is not so to-day. (517.)

Mr. STEEL, a worsted manufacturer, says that previous to 1884 he was an importer of woollen goods, but the larger part of his business was in goods of American manufacture. He used to make contracts with mills for the exclusive control of their products, either throughout or in certain lines. The change of the tariff in 1883, though it was not a very heavy change, was enough to destroy entirely his business in American woolens. His house built up quite a large business in foreign goods, taking the place of the American goods. It established a factory of its own at Bradford, England, shipping the product almost entirely to this country. This continued until the McKinley tariff was enacted and entirely blocked these operations. Mr. Steel then brought a large part of his machinery to this country and established a factory at Bristol, Pa. The business has since been carried on without interruption, except by the Wilson tariff. That tariff compelled the house to stop the mills for a while and discharge the employees. (236, 237.)

6. *Rebate of tariff.*—Mr. WOOD refers to the fact that there is a rebate on exported woollen goods in the manufacture of which foreign wool has been used to the extent of the duty on the imported wool, but says that where foreign and domestic wool are both used in goods the calculation necessary to fix the amount of the rebate is so complicated that it is not practicable to take advantage of it. It would not be practicable to manufacture cloth wholly from foreign wools for foreign markets exclusively, as that would involve special patterns and styles apart from the general production of the mills, and would not pay. It would be to the advantage of the manufacturers if there could be a rebate on all manufactured woolens exported equivalent to the duty on the raw materials. (515.)

7. *Undervaluation of imports.*—Mr. STEEL says that while, according to his experience, purchases of woolens from England are usually made through commission houses, which charge a commission to the buyer instead of to the manufacturer, purchases of German goods are largely made through agents on this side, and occasionally from the German manufacturers direct. He believes, from his own experience, that undervaluation is a general practice of German manufacturers and exporters when they have to meet an ad valorem tariff. He mentions an experience of his own in which a German manufacturer suggested a valuation 10 per cent below the actual price as the usual custom-house valuation. Mr. Steel adds that when the tariff duty is 50 per cent, 10 per cent undervaluation is 5 per cent clear profit. He believes that the specific duty is a large element of protection to the American manufacturer. At the same time he believes that one of the reasons why undervaluations were successful was because the administrative law connected with the tariff law was never really enforced. He never knew an instance in which the elements of cost were demanded by the Board of General Appraisers. (240, 241.)

Mr. JUSTICE says that ad valorem duties give a great opportunity for fraud by undervaluation. Under the Wilson act all duties on woollen goods were ad valorem. For this reason he does not think that the increased importations shown by the statistics of the Treasury Department at all represents the actual increase. The figures show under the McKinley act \$37,500,000 in 1892, \$30,200,000 in 1893; and in 1894, when merchants restricted their purchases because they anticipated lower duties, \$17,300,000. Under the Wilson act they show \$38,500,000 in 1895, \$58,500,000 in 1896, and for the first 7 months of 1897, when goods were rushed in in anticipation of a higher tariff, \$49,200,000. (380.)

8. *Compound, or compensatory duties.*—Mr. JUSTICE explains the principle of compound, or compensatory duties. It takes 4 pounds of average unwashed wool, as the farmer sells it, to make a pound of cloth. If the duty on unwashed wool is 11 cents, a duty of 44 cents a pound on cloth is necessary merely to compensate

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the manufacturer for the duty on his wool. This specific duty is no protection to the manufacturer. His protection is given by a further ad valorem duty, say, of 50 per cent, on the cloth. (382.)

C. Conditions of labor.—1. *Nationality.*—Mr. FOLWELL supposes that a great proportion of his employees are American. Some of the head men are English born, because, when he started his worsted mill, the industry was new in this country, and it was necessary to bring the head workers from the other side. (215.)

Mr. JUSTICE says that there is more American help employed in the Philadelphia mills than in those of New England. This is an advantage to Philadelphia. The French-Canadian element, which has become so large in New England, rarely improves in the first generation, and has no desire to improve. The American operatives in the Philadelphia mills are as self-respecting and progressive as other Americans. (385.)

2. *Employment.*—Mr. JUSTICE declares that during 1899 and 1900 the American woolen mills employed more people than ever before, and raised wages on the average 10 per cent. (379, 380.)

3. *Wages.*—Mr. STEEL speaks of a weaver, a woman who worked for him in England for about \$5 a week, who has since worked for him in Pennsylvania on the same loom and on similar goods and has made \$14 a week. Mr. Steel now has male weavers that earn as much as \$18 a week. He never knew one to earn over \$7.50 in England. Mr. Steel also speaks of a machinist who had worked 27 years in England and earned only 30 shillings a week, or about \$7.50, and whom he paid as much as \$18 in Pennsylvania, while "his regular pay, independent of overwork, was about \$16.50." (237, 242, 245.)

Mr. WOOD thinks that the wages of the operatives in the mills of the American Woolen Company average about 100 per cent higher than the wages paid in England. In a general way, the product per man and per machine is greater in this country. (515.)

Mr. FOLWELL testifies that his rates of wages are about the same now as under the McKinley bill, but that when the Wilson bill was in force the general rate was about 10 per cent lower, and about half his mill was stopped. He attributes the fact that wages are higher in America than in Europe exclusively to the tariff. He understands that while wages in American woolen mills are about double what is paid in France and Germany, they are a little less than double what is paid in England. (215.)

XVII. CARPET TRADE.

A. Development of the carpet industry.—1. *History.*—Mr. GEORGE MCNEIR, secretary of W. & J. Sloane, carpet dealers, says that half a century ago fully 90 per cent of the carpets consumed in the United States were imported, while to-day more than 90 per cent of the carpets consumed here are manufactured in this country. In 1850 it was estimated that the amount of capital employed in the carpet industry was about \$4,000,000, and the value of the yearly product about \$5,000,000; while to-day it is estimated that not less than \$50,000,000 is invested in the industry, and that the value of the yearly product is not much under \$75,000,000. It is estimated also that not less than 250,000 running yards of floor covering are turned out daily by the carpet mills of the country. In the carpet industry is included the rug industry. (708.)

2. *Causes of development.*—Mr. MCNEIR says that the wonderful growth of the carpet industry is due more largely to the protective tariff than to all other causes combined. (708.)

Mr. DORNAN, a manufacturer of ingrain carpets, also says that the carpet industry has been built up by tariff protection. (810.)

B. Conditions of capital and business.—1. *Prosperous condition.*—Mr. MCNEIR says that the carpet industry has shared in the prosperity which has been general throughout the country, and that there have been fair returns upon the capital invested. There has been no time in the past when more carpet and rug looms were in operation or labor more steadily employed than is the case to-day. (708, 710.)

2. *Prices.*—Mr. MCNEIR says that the prices of carpets have advanced 10 to 15 per cent in the last 5 years. Part of the advance is due to the imposition of the duty on carpet wools; part of it is due to the increased wages which are paid. (717.)

3. *Sales methods.*—Mr. MCNEIR says that during the past 5 years the cost of selling carpets has materially increased. Competition has made it necessary to put more salesmen on the road with a larger variety of qualities and patterns. Formerly business was confined largely to jobbers who made periodical trips to

New York, Boston, and Philadelphia markets to examine samples and place orders. (710.)

4. *Export trade.*—Mr. McNEIR says that American skill and ingenuity in the construction of looms and other carpet machinery have put American manufacturers far ahead of foreign manufacturers in the quantity of carpet produced per loom. This, together with a certain distinct and national difference in design and colorings, has enabled the American manufacturer to dispose of a part of his surplus product abroad. The value of our exports reached the highest point in 1894, when \$350,000 worth were exported. The decrease in the value of the exports since that time is in part due to the provisions of the Dingley law, which imposed a duty of 4 cents per pound on carpet wools costing less than 12 cents, and 7 cents per pound on carpet wools costing more than 12 cents. The English manufacturer bids in the light shrinkage wools at a little above 12 cents a pound, and the American manufacturer is obliged to pass them by, because he would have to pay a 7-cent duty on them, and is forced to buy the heavy shrinkage wools in order to get wools at a price permitting him to pay only 4 cents a pound duty. If such high duties are to be levied on carpet wools, they should be in the form of ad valorem rather than specific duties. The American manufacturer would then be able to secure a better quality of wool by paying perhaps only 1 cent per pound more than for a poorer quality, without being obliged to pay in addition 3 cents per pound more duty.

The falling off in the export business is not entirely due to the tariff on carpet wools, however. In 1894 there were no cheap moquette looms in England, but since that time the English manufacturer has put in cheap Axminster looms and by so doing has kept his home market for that class of goods for himself.

There is one other reason for the falling off of the export business, and that is that the demand for carpets at home has been so great as to leave a comparatively small surplus for shipment abroad.

It is true that 99 per cent of the duty on carpet wools is rebated when the carpets are exported, but the cost of tracing the imported wool from the time it enters the factory until the finished product is ready for export, together with the interest on the amount of duties locked up in the hands of the Government, reduces the rebate to about 85 per cent of the duty. The manufacturer must prove to the satisfaction of the customs authorities that the original bale of wool, on which claims for rebate are made, is the particular wool that went into the carpets presented for export. It is only the large factories that undertake to do any export business. (708, 709, 716.)

Mr. McNeir says that American carpet manufacturers, in common with other American manufacturers, must make a lower price on goods sold abroad, in order to compete with local products, than the price for which they could afford to sell goods in this country. Only surplus products are sold abroad. It is better for the manufacturer to run his mill steadily at its fullest capacity, thereby reducing to a minimum the cost of production, and dispose of his surplus at cost or nearly cost abroad, than to force his surplus production upon the home market and thus demoralize prices. At home he has only the competition of men who pay the same schedule of wages that he pays, and who are under the same heavy fixed charges; but the moment he enters the foreign market he is in competition with a schedule of wages from 40 to 60 per cent. less than he pays, and with manufacturers who are doing business under smaller fixed charges than are possible in this country. Unfriendly critics might argue from the fact that carpets sold abroad are sold at lower prices than at home, that the protection afforded to the carpet industry had served to increase prices to the consumer; but when it is remembered that a yard of Wilton carpet sold at wholesale in 1875 for \$3.25, and a yard of moquette carpet sold in 1877 for \$2, and that the wholesale price of a yard of Wilton carpet in 1900 was \$1.95, and the price of a yard of Moquette was 85 cents, it will be seen that home competition has taken care of the interests of the consumer and has reduced prices.

It would not be possible for American carpet manufacturers to have a surplus which they could sell abroad if the duties on carpets were materially reduced. They would not be able to enter foreign markets if they were compelled to struggle for their home market. It must be borne in mind that it is only the surplus product which is sold abroad. A man won't go to the expense and encounter the difficulties of selling in foreign markets if he can sell at home. It would not be possible for an American manufacturer to manufacture exclusively for the foreign market if he had to pay a duty on his raw materials, and at the same time had to pay high American wages, unless he had machinery so superior that he could turn out 75 per cent more goods on the same loom than could his foreign competitor. (709, 710, 719.)

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5. *Tariff on carpet wools.*—Mr. McNEIR says that there are no carpet wools produced in this country. American wool is too fine a wool to be used in carpets. Carpet wools must be stiff and wiry and very much like hair, yet have all the wearing qualities of wool. Wools raised in this country are too fine in quality and do not stand up sufficiently. The American farmer has found it more profitable to raise the finer wools, which he can sell for from 20 to 25 cents a pound, than to raise carpet wools which he would have to sell for 8, 10, or 12 cents a pound. In view of the fact that carpet wools are not produced in this country, the duties imposed are unjustly high and place a serious burden upon one of the greatest industries of the country. (709, 717, 718.)

Mr. DORNAN thinks that the duty on carpet wool might safely be somewhat lower than at present, though he does not wish to raise the question. (314.)

6. *Oriental rugs.*—Mr. McNEIR says that oriental rugs do not compete either in price or in quality with any goods manufactured in the United States. They partake too much of the temperament, the traditions, and the environment of the people who make them ever to be successfully produced elsewhere. Especially would it be impossible for them to be produced in this country, where the slow methods of preparing the raw materials and the dyes and the weaving by hand are looked upon as primitive. Lower duties on oriental rugs could be adopted without in any way injuring any American industry. No interests suffered when the McKinley law rates of 60 cents a square yard and 40 per cent ad valorem were in force, nor, in fact, were there any protests even under the Wilson law rate of 40 per cent ad valorem. It is admitted that the importations of oriental rugs have greatly increased in the last few years, but the increase of importation is due more to the development of American taste than because the rugs can be purchased at anything like the price charged for American rugs and carpets. The importation of oriental rugs is regulated more by the conditions of the times and the general prosperity of the people than by the rates of duty. Instead of injuriously affecting any American industry, the importations of oriental rugs has done much to stimulate a demand for American products and to increase the popularity of carpets woven in one piece. American manufacturers of carpets and rugs recognize this fact. There should be a duty on oriental rugs, but the duty should not be higher than that imposed by the McKinley law. (710-712.)

7. *Straw mattings.*—Mr. McNEIR says that imported straw mattings come into competition with the ingrain carpets manufactured in this country. Some five years ago statistics were collected, which showed that the sale of carpets had been reduced fully 25 per cent through the increased importation of straw mattings. In 1900 the total importations of straw mattings amounted to \$2,040,961, that amount representing, as nearly as may be estimated, 38,300,000 yards. These 38,000,000 yards of straw mattings, which were brought into the country in 1900, unquestionably took the place of many millions of yards of ingrain and cheap tapestry carpets.

The cheapness of straw mattings is largely due to the cheapness of the labor employed in manufacture. In China the weaver receives 5 cents a day in gold, and in Japan weavers receive about 10 cents a day in gold, while in the United States weavers of ingrain carpets receive \$2 a day.

The highest priced mattings cost about 25 cents a yard, and the cheapest about 34 cents a yard in gold. Fully 95 per cent of all the straw mattings brought into this country under the present duties cost less than 10 cents a yard in gold. Upon mattings costing less than 10 cents a yard the duty is only 3 cents.

Formerly straw mattings were brought to this country in sailing vessels, but since 1899 fully 75 per cent have been brought by steamer. This change has brought about so great a reduction in the cost of transportation that a saving has been made in the cost of doing business which is nearly, if not quite, equivalent to the duties imposed.

Furthermore, power looms have been introduced in the manufacture of straw mattings, and by the use of these looms the cost of production can be reduced to one-fourth of the present cost of production. When the power looms come into general use in China and Japan, as they inevitably will, the importations of straw mattings into this country will undoubtedly be largely increased. The result will be that the manufacturers of the cheaper grades of carpets will be brought face to face with disaster, if not absolutely ruined, unless new and effectual tariff legislation comes to their relief.

It is estimated that in the year 1900 about 38,000,000 yards of ingrain carpets were manufactured, while the full capacity of the ingrain looms of the country is about 50,000,000 yards. The difference of 17,000,000 yards between the capacity of the ingrain looms of the country and the actual production represents a falling off due almost entirely to the competition of straw mattings. The production

of ingrain carpets has steadily decreased during the last five years and a large number of workmen have been thrown out of employment.

The average price of ingrain carpets in this country is 35 cents a yard, that average being made up from a range of prices extending from 18 cents to 85 cents. It is the cheaper grades of these carpets, which are made almost entirely of cotton, with which the imported straw mattings compete. (712-715.)

Mr. DORNAN, a manufacturer of ingrain carpets, says that from 1890 to 1898 the product of ingrain carpets was more than 50,000,000 yards annually; in 1900 it was not more than 33,000,000 yards. The cause of this falling off was not, he thinks, the increased use of hardwood floors and rugs, because the people who have hardwood floors are not the people who use ingrain carpets; they use a higher grade. The thing which has cut into the ingrain carpet trade is the importation of straw mattings. 8,000,000 yards of matting were imported in 1893, and about 40,000,000 yards in 1900. Mr. Dornan finds the reason of this great increase of imports in the conditions of foreign exchange which have been brought about by monetary regulations. About 1890 the value of silver was from 90 cents to a dollar an ounce. When the American Government discontinued the purchase of silver, the price fell to 58 cents. The Chinese laborer who makes these mattings is paid in silver, perhaps 20 cents a day. When this is converted into gold, at the present rate of exchange, it becomes 10 cents a day. The average value of the mattings imported, measured in silver, is 13.7 cents a yard. Its gold value is 6.7. Matting was free under the McKinley bill. When the Dingley bill was under consideration, Mr. Dornan and others secured from Mr. Dingley, Mr. Dalzell, and Mr. Payne a promise of a 10 per cent. duty on mattings. This was thrown out by the Senate, and matting was put on the free list; but by the heroic efforts of Mr. Quay, a duty of 3 cents a yard on mattings costing 10 cents, and 7 cents and 30 per cent. on more expensive mattings, was enacted. By the operation of the exchanges, the value of nearly all mattings is brought below 10 cents, so that they pay only the 3 cent duty. Adding 3 cents to the average import value, 6.7 cents, we obtain the value of 9.7 cents, duty paid, or 4 cents less than the nominal value at the place of origin. The duty does not make up for the operation of the exchanges under the influence of the reduced price of silver.

There are two remedies for this state of things. A high duty might be enacted; it would need to be as much as 10 cents a yard, or 130 per cent, to give efficient protection. The other possibility is bimetalism by international agreement. England, Germany, France, Austria, Russia, and the United States, if they would agree, could control the world in this respect. Mr. Dornan realizes the great difficulty of applying either of these remedies. So far as the tariff is concerned it is almost an absolute impossibility to make an amendment in one respect without opening up the entire question.

Not less than 25,000 work people are engaged in the production of ingrain carpets, and for the last 3 or 4 years they have not had two-thirds employment. The condition of the industry absolutely demands some relief. The highest selling price of an all-wool ingrain carpet, which is the one that gives the best results, is 47½ cents a square yard. The imported matting probably retails at 15 cents, or 20 at the outside. If something is not done to protect the ingrain carpet industry, it will be wiped out. Eighty per cent of the whole product of ingrain carpet is made in Pennsylvania, and 95 per cent of this 80 per cent is made in Philadelphia. The largest producer of ingrain carpet, however, is in Lowell, Mass. (310-315.)

C. Conditions of labor.—Wages.—Mr. MCNEIR says that there has been an advance in the wages of the workmen employed in the carpet mills of from 10 to 15 per cent since 1895. More important even than the advance of wages is the fact that employment has been steadier, so that, as a matter of fact the yearly earnings of the employees have increased at least 30 to 40 per cent. (710.)

Mr. Dornan thinks that the wages paid in this industry in Philadelphia are at least 35 per cent higher than those paid in New England and New York. (314.)

XVIII. SILK TRADE.

A. Development of silk manufacture.—1. History generally.—Mr. JACQUES HUBER, of the firm of Schwarzenbach, Huber & Co., of New York, in the treatise prepared by him and submitted by Mr. Franklin Allen, states that the beginning of the silk industry in the United States dates back to the years 1823-1890, during which time the first trials in the manufacturing of silk trimmings were made. In the following decade, 1830-1840, experiments were more frequent. The heavy immigration during the years 1840 to 1850 aided in the development of the industry. The years from 1850-1860 proved disastrous to the industry, and it barely escaped destruction. The protective tariff system, which grew out of

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Civil War conditions, brought the silk industry to life again and furthered its development. At the beginning of the seventies the yearly silk production of the United States amounted to only about \$5,000,000; to-day the United States ranks first among civilized countries in regard to the quantity of silk manufactured, and second in regard to the selling value of the manufactured goods, France being first. (870, 871.)

Piece-dyeing and printing branches were established early in the nineties in this country, and have increased rapidly in number under the operation of the Dingley tariff law, so that to-day the American manufacturers dye and print, not only large quantities of domestic raw silks, but also some imported silks. The printing works run only from November to April on full time. (874.)

The exhibit of American silks at the Paris Exposition was not representative of the importance of the silk industry in this country. To have given an exhibit worthy and representative of the immensity and the many-sidedness of the industry would have involved an expenditure of a great deal of money, time, and labor. (660.)

Mr. FRANK W. CHENEY, treasurer of Cheney Brothers, silk manufacturers, says that at first the only business in silk in this country that amounted to anything was done in sewing silks and threads. The production of woven goods did not amount to much until some time in the fifties. Ribbons were first manufactured. Experiments were going on all the time in weaving, but the impetus to the production of silks came when the war tariff was enacted. Practically the development of silk weaving dates from that time. To-day from two-thirds to three-fourths of the silks consumed in the United States are made in this country. There has been considerable increase in the consumption of silks in this country in recent years, this being due to the increased prosperity of the country and the ability of manufacturers and importers to supply silks at much lower prices than they were able formerly to do. (736, 737, 730.)

Mr. CHARLES F. HOMER, treasurer of the Silk Association of America, says that prior to the high tariff, which was imposed because of the necessities growing out of the civil war, the silk industry in this country was of very little account. When the duty of 60 per cent was placed upon silks, those who were interested in the silk-importing business immediately began to consider the possibility of manufacturing in this country, and those who had previously been interested in a small way in silk manufacturing were stimulated to extend their business. The increased demand for American silks and the lowering of the cost of production have led to the extension of the industry.

At the beginning of the Civil War, the American market was supplied by European manufacturers almost exclusively; to-day the market is largely supplied by the production of American looms and of American labor. The foreign silks consumed in this market are mostly high fashionable novelties. There are no grades of silks which can not be made in this country. There are certain silks in which the design is of more account than the grade of silk. While it would be possible to manufacture those goods in this country, the design originates in Paris and the goods are imported as Paris novelties.

There have been very marked improvements in machinery, in methods of production and in the organization of factories. Power looms were first employed in the manufacture of silk in this country. They came into use within a few years after the passage of the first high tariff act. The improvements in machinery have applied not only to weaving machinery but to every branch of the silk manufacturing industry.

Formerly the silk industry was divided into specific branches, but now, in this country, though not in Europe, all the different branches of the silk industry are carried on under one management, and many of the manufacturers to-day take a bale of silk in the raw and turn it back upon the market a finished product in every respect. (700, 702, 703.)

Mr. FRANKLIN ALLEN, secretary of the Silk Association of America, presents tables compiled from the census figures of 1900, showing that there are 483 silk factories in the country; that the total amount of capital invested in the industry amounts to \$81,052,201; that the average number of employees is 65,416; the total yearly wages, \$20,982,194; the output, \$107,356,258; the total number of looms in use, 44,806, of which 44,138 are power looms and 178 hand looms. In 1880 the number of power looms employed in the silk industry was 5,821 and the number of hand looms 3,153. In 1890 there were 20,822 power looms in use and 1,747 hand looms. From the figures given it appears also that New Jersey ranks first and Pennsylvania second in the number of establishments, the capital invested, and the yearly output; that New York ranks third in the number of establishments and in yearly output, and fourth in the amount of capital invested, and that Con-

necticut ranks fourth in the number of establishments and yearly output, and third in the amount of capital invested. (685, 686.)

2. *Development in Pennsylvania.*—Mr. ALLEN says that there have been serious and continual disagreements between the labor employed in the silk mills in New Jersey, especially in Paterson, and their employers. Because of these labor troubles the manufacturers have looked around for opportunities to establish the industry in other places. As a result, the silk industry has been largely developed in Pennsylvania. (680.)

Mr. HOMER says that during the earlier years of the silk industry very high wages were paid. The wages paid were so high that it was impossible for American manufacturers to compete successfully with foreign goods. When plain weaves became fashionable it was found that the work could be done more cheaply, and many manufacturers built new mills in the Lehigh Valley, where now they weave plain grosgrain silks and where they employ the daughters of miners as operatives. They took this means of reducing the cost of production and of avoiding labor complications. The labor in Pennsylvania is more reliable and less liable to labor troubles than is the case in Paterson. Nearly all of the staple plain products of the country are now manufactured outside of Paterson. Those classes of goods which require particular skill, such as fancy goods and classes of goods which have to be made at short notice and with quick changes of machinery and those which require diversified knowledge, are still largely manufactured in Paterson. (702, 703.)

3. *Development of sewing-silk manufacture.*—Mr. IRA DIMOCK, president of the Nonotuck Silk Company, a concern manufacturing all kinds of silk threads for sewing purposes, says that in 1858 that company produced only 250 pounds of silk a week, and employed but 50 hands; now the company produces 6,000 pounds a week and employs 750 hands. In 1852 the company made the first machine twist ever made for Mr. Singer, who was then experimenting with the sewing machine. At that time the company made 5 pounds of sewing silk for him. In the year 1861 it sold him \$100,000 worth. It was not able wholly to supply his needs, and he bought a silk factory in Newark, so as to be able to make his own silk. (693, 694.)

4. *Development of silk dyeing.*—Mr. JACOB WEIDMANN, of the Silk Dyeing Company of Paterson, N. J., says that when he came to this country in 1867 the silk-dyeing industry was of very little consequence. To-day it is fully as well established in this country as abroad. In some respects American dyers are ahead of foreign dyers, especially in turning out work quickly. They have better machinery and are better equipped in every way than are the foreigners. The dyeing in this country is better than that of Europe, just because the goods are got out more quickly, and are therefore less handled. Silk is a fine fiber and does not wind so well when much handled. In this country yarn-dyed silk can be delivered in 3 or 4 days, whereas in Europe it requires usually as many weeks. The dye works in this country are worked day and night in order to get goods out quickly. Notwithstanding the fact that labor is more expensive in this country, silk dyeing can be done here somewhat more cheaply than it can be done abroad, this being due to the greater efficiency of American machinery and of American labor. Most of the dyes used come from Germany and France, though some American dyes are used. (704, 707.)

5. *Causes of development.*—Mr. HOMER says that the protective tariff has been the cause of the remarkable development of the silk industry in this country. American silk manufacturers will be able to compete with foreign manufacturers only when American labor is satisfied to accept European wages. (700.)

Mr. OTTO ANDREAE, Jr., of the firm of William Schroeder & Co., of New York City, says that the silk industry, so far as broad silk weaving is concerned, would never have been established in this country except for the protective tariff. (692.)

Mr. HUBER states that the silk industry in the United States owes its development to the natural capability, common sense, enterprise, and self-confidence of the American merchant and manufacturer; to the fact that capital is always ready to support enterprise in the United States by giving extensive and liberal credits; to the support which is given to industrial enterprises by city and State governments in the form of tax privileges, donations of lots, etc.; to the intellectuality of the American technician, who has invented time-saving machinery; to the ability of the American operative; and to the easy intercourse between manufacturer and dealer, which enables the former to get fully and properly acquainted with the needs and wants of the latter. (670.)

6. *Benefit to consumers.*—Mr. ANDREAE says that the American consumer would undoubtedly have to pay a great deal higher price for silks if the silk industry in this country should be destroyed. The foreign manufacturers would have abso-

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lute control of the business and could advance prices or do whatever they pleased. (690.)

Mr. ALLEN presents a list showing the low prices at which American silks have recently been advertised for sale in the daily papers, and says that the fact that silks can be bought at such low prices is due to the establishment of the silk industry in the United States. The low prices are due to home competition. (682.)

B. Conditions of capital and business.—1. *Silk Association of America.*—Mr. ALLEN says that the Silk Association of America is an organization of gentlemen interested in the silk industry, and was formed to develop and protect their common business interests; to have supervision over all matters that affect their interests; and to promote, in all suitable ways, the development of the silk industry. The association is not a business organization in the ordinary sense, and has no capital stock. (677.)

2. *Cheney Brothers—Business and capitalization.*—Mr. CHENEY says that Cheney Brothers now produce spun-silk yarns of all kinds, reel silk, trams and organzines, a great variety of woven goods, both piece-dyed and printed; upholstery and tapestry goods; ribbons; velvets, with both cotton and silk back, and plushes. In fact, they can make any variety of silk which is called for. The silk dress goods which they produce sell for from 75 cents to \$1 a yard. All kinds of figured, plain, and printed silks are sold within those limits of price. When the firm first began business it had only about from half a dozen to a dozen girls employed; now it employs from 2,600 to 2,700 people. At the beginning the firm used only about 10 pounds of raw silk per week; now it uses 1,000 pounds a day; including spun silk, 2,000 pounds a day. The nominal capital of the company is \$1,000,000, but probably six times that amount is invested in the business. The firm does a wholesale business entirely and sells its own goods, maintaining a sales department in New York and branch offices in Chicago, Boston, and Philadelphia. The yearly output is between \$5,000,000 and \$6,000,000. (726, 727, 732.)

3. *Equipment of American silk mills.*—Mr. HUBER says that the machinery used in American silk mills is such that a simple weaver can do work which in other countries can be done only by the most skilled and experienced workers. American machinery need not fear comparison with the best machinery manufactured in Europe. The prices also are low, and imported looms are no longer much in demand. One American concern manufactures 80 different types of looms.

The American manufacturer of silk has to devote considerable attention to the study of styles and fashions, and must be able to turn out many different kinds of goods. It is astonishing to note the facility with which the American mill changes from the manufacture of light to heavy silks, from simple to complicated, from plain to faconné goods, and from yarn to piece-dyed weaves. For the last 10 years American mills have manufactured every weave, article, and quality which are known to mechanical weaving or which through alterations in machinery or simplification in manufacturing could be done by power-loom weaving. The mill of to-day produces, with the exception of a few Lyons specialties, every style of silk placed upon the market. (673, 674.)

Mr. Huber says that quick delivery is a very important matter in the silk industry, and that the American dyer can deliver uncharged silk in 2 days, black and colored organzine and tram weighted, 70 to 80 per cent, in 5 to 6 days, and heavy-charged silk in 8 to 14 days. In special cases shorter deliveries can be made. Moreover, the work done is perfectly satisfactory. As far as charging is concerned, more careful methods are employed than are followed in Europe. (672.)

Mr. Huber says that American silk throwing is done principally on belt spinners which are run 11,000 to 12,000 turns a minute on first time over and 9,000 turns second time over. American machines are second to none. Many American manufacturers now have their own throwing plants. The reason for this is not so much to effect a saving in cost as to be able to make quick deliveries and to examine the silks thoroughly. The continually advancing wages in New Jersey have led to the establishment of throwing plants in more remote parts of the country, principally in Pennsylvania. (672.)

Mr. WEIDMANN says that for some years most of the silk machinery used in this country was imported. Now most of that used is made in the United States. The best looms in the world are made here. It is universally recognized that an American loom has greater speed than a foreign-made loom; and lots of looms are exported from this country to Europe, especially to Switzerland. (707.)

4. *Process of silk manufacture.*—Mr. CHENEY says that the treatment of raw silk consists of winding, spinning, or throwing, doubling, twisting, and reeling. This converts the raw silk into yarn. Then it goes to the weaving department. If the yarns are to be used for piece-dyed or printed goods, they are usually woven in the gum; if for yarn-dyed goods the next process after throwing is to ungum

and dye the silk. The weaving department makes the warp. After the warp is made the silk that is used for filling is put upon little bobbins or shuttles. That is called quilling. Then follows the weaving and then the finishing.

In the United States practically all silk weaving is done on power looms. There may be a little hand work on specialties, but it is very inconsiderable. Until very recently the bulk of the weaving in France has been done on hand looms, and a great deal of the very fine high-grade work is still done on hand looms. Some power looms have been introduced into Japan, but the bulk of the goods manufactured there is still made on hand looms.

Under the old system of manufacturing silk, in Lyons and elsewhere, a man calling himself a manufacturer did not necessarily have any mills or machinery. He had a warehouse, bought his trams and organzines, sent them to the dyers, delivered them to the weavers, and later sent them to the finisher, and then sold them. Of late years something approaching our factory system has grown up abroad, however. Comparatively few of the American manufacturers have finishing departments now. At the works of Cheney Brothers everything necessary to convert the goods from the raw material to the finished product is done. (727, 728, 730.)

5. *Raw silk and silk culture.*—Mr. HOMER says that the raw material in the silk industry is the silk after it has been wound from the cocoon. It comes wholly, with the exception with what is called waste silk, in the form of hanks. The largest percentage of imports for weaving purposes comes from Japan. For other branches of the business large quantities of Chinese and Italian silks are used. Some raw silk comes from France. There have been a number of experiments made in the United States in raising silk, but all have proved commercially unsuccessful. It is impossible for any labor in this country to compete with the extremely cheap labor of the Orient or of Italy in the raising of silk. (700, 701.)

Mr. CHENEY says that the principal supplies of raw silk come from Japan, China, France, and Italy. There are some sorts that come from India, Turkey, and Spain, and considerable silk of good quality is now coming from Sicily. A great deal of honest exertion has been put forth in the effort to establish silk culture in this country, but it has resulted only in demonstrating that it can not be carried on profitably. Although in some parts of the country climatic conditions, soil, and everything are favorable to the growth of the silk worm, yet it is impossible for Americans to compete in a business that requires so much individual hand labor, when labor can be had in France for from 30 to 25 cents a day, in Italy for from 15 to 20 cents a day, and in China and Japan for from 5 to 10 cents a day, while the same grade of labor in this country would cost a dollar a day. Silk culture in the United States is impossible so long as this disparity in wages exists. Lyons is the center of European silks, Yokohama is the silk center of Japan, Shanghai of China, and Calcutta of India. There is a very important raw-silk trade now carried on in New York, so that the advantages of direct importation have, to a great extent, disappeared. (726, 727.)

Mr. HUBER, states that the imports of raw silk into the United States in the year 1900 amounted to \$44,500,000. Most of the raw silk imported comes from Japan, China, and Italy. Numerous trials to transplant the raising of silk to American soil have failed. In consequence of the increasing manufacture of raw weaves, the raw silk of Europe has lately been favored to some extent. As a rule, the American broad silk manufacturer uses only the best quality of raw material, and generally only coarse sizes. While formerly the demand for raw silk was mostly for grège, during the last few years the smaller manufacturers have started to buy *ouvrees*. (671, 672.)

Mr. ANDREAE embodies in his testimony a table taken from the annual report of the Silk Association of America, showing the imports of raw silk by countries, as given by the Bureau of Statistics of the United States Treasury Department for the years 1897 to 1900. From this table it appears that the total imports of raw silk into this country in 1900 amounted to \$31,790,531; in 1899, to \$42,776,678. Japan leads in the amount of imports into this country, both as to the number of pounds imported and as to the value. China comes second in respect to the number of pounds, third in respect to value of the imports. Italy comes third in respect to the number of pounds and second in respect to value. In 1899 Japan was first both as to pounds and value, China was second both as to pounds and value, and Italy was third. (691.)

6. *Reel silk and spun silk.*—Mr. CHENEY says that reel silk is silk as it is reeled from the cocoon. Spun silk is made from the waste silk taken from the pierced cocoon. The pierced cocoons are the cocoons which have been laid aside for reproduction, and from which the moth has eaten its way out. There is a very wide range in the prices of waste silk. It can be bought anywhere from 10 cents up to 75 cents a pound. Only the best grades are used in this country. Spun silk

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is worth from \$2 to \$3 a pound; reel silk costs from \$2 to \$4 a pound, and when converted into threads and yarns is sold for \$7 to \$8 a pound. (727.)

7. *Quality of American silks.*—Mr. WEIDMANN says that the silks made in this country are more durable than are the imported silks. They are weighted less than are those made in Europe. There are a number of manufacturers of silk velvets and plushes in the United States, and the silk velvets produced are equal in every way to those produced abroad. The American consumption of silk velvets and plushes amounts to about \$10,000,000 a year, and only about \$5,000,000 worth of these are imported. As good printed silks are made in the United States as are made in France. American manufacturers are able to work in as many colors as are the French manufacturers, and the colors are as well blended and as permanent. They use the same colors as are used in France, and the chemists in this country are as good as the French chemists. If a chemist over there has ability, he likes to come to this country because he gets higher pay. There is not any question but that all varieties of silk goods, equal in every way to European goods, will be produced in this country if present conditions are maintained. (704, 707.)

8. *Possible substitutes for silk.*—*Ramie.*—Dr. WILSON, director of the Philadelphia Museums, exhibited before the commission specimens of ramie, and stated that the Commercial Museum at Philadelphia had on exhibition samples of the crude plant, which had been sent to it from every country where the plant is grown. Dr. Wilson also exhibited samples of yarns made in England from ramie fiber, and stated that foreign countries were using this fiber in a commercial sense more successfully than it was being used in this country. The difficulty in handling the product is found in the want of proper machinery and proper processes to degum the fiber. The fiber possesses a gum which prevents proper spinning, and the processes to degum it so far discovered make the fiber too costly. Manufactures from ramie would come into competition with both cotton and silk, and especially into competition with fine linen. A very fine quality of paper, also, may be made from ramie. The plant could be grown in the Southern States, and there would be more profit in its production than there is in hemp. (445, 446.)

Mr. CHARLES F. HOMER, treasurer of the Silk Association of America, says that there have been some attempts in this country to use ramie, but such attempts are in advance of the market, and ramie has never been a factor of sufficient importance to be considered commercially. (701.)

9. *Adulteration of silk textiles.*—Mr. HOMER says that there is no adulteration of silk textiles, as there is in the case of woolens, through the mixing in of cotton thread in the weaving. There are many combinations of materials, mixtures of silk and wool, silk and cotton, silk and worsted, etc., but these goods are, with very rare exception, sold for exactly what they are. (701.)

10. *Sales methods.*—Mr. HUBER states that American silk manufacturers depend for the sale of their goods largely on commission houses or selling agents, whose interests do not always correspond with their own. In many cases, the manufacturers are dependent upon the commission houses for advances. Because of this they are deprived of independent action. Prices, which ought to be fixed according to cost of production, are mostly regulated through competition, and even under favorable conditions staple articles are sold at too small a profit to insure the manufacturer against losses in a poor season. (674, 675.)

11. *Prices.*—Mr. CHENEY says that it is hard to compare the prices of silks during the course of the last 20 years. Silk is not an article the price of which is controlled by the cost of production. It is at the mercy of the fashions. It is safe to say, however, that silks can be bought for not more than half the prices charged for the same grades 20 years ago. (730.)

Mr. ANDREAE says that the prices of silk textiles are entirely controlled by competition regardless of the cost of production. If there is overproduction the price goes down, the price being entirely regulated by supply and demand. An excess of importation would have a similar effect on prices. (690.)

12. *Import trade.*—Mr. Andraee says that there are imported into this country certain specialties of the better qualities of silk textiles which do not come into competition with any manufactured in this country. Certain other specialties, which do come into competition with American manufactures, are also imported. If no foreign silks were imported, there would be an opportunity in this country for the production of some qualities which are not produced here now. Nevertheless, good, healthy competition from all over the world is a very good thing. In former years there have been excessive importations, but that has not been so much the case lately, since specific duties have been imposed on silks. At times European manufacturers have sold their surplus stocks here at the best prices they could get, irrespective of the cost of producing the goods. Mr. Andraee embodies in his testimony a table taken from the annual report of the Silk Association of

American, showing the imports, by countries, of silk textiles, at invoice value, as given by the Bureau of Statistics of the United States Treasury Department for the years 1896 to 1900. From this table it appears that France is far in the lead as regards the value of silk exports to this country. Germany comes second, Switzerland is a close third, and Japan is fourth. In 1900 the total value of the imports from all countries, at invoice value, was \$29,719,518. A table is also given showing the invoice value, in dollars, of the importations of silks according to classes, i. e., of dress and silk piece goods, ribbons, laces and embroideries, spun silk, velvets and plushes, clothing, etc. Mr. Andrae says that France will always have a certain advantage over other countries because the fashions originate there and because they make the better qualities of goods. (690, 691, 692.)

Mr. ALLEN says that 30 per cent of the silk textiles consumed in this country are imported. The total consumption of broad silks in this country amounts to about \$75,000,000 per annum. Of this amount, about \$23,000,000 are imported. The total consumption of all kinds of silk textiles amounts to about \$106,750,000. Of this amount, about \$31,250,000 are imported. At times foreign silk manufacturers have dumped their surplus stocks in the American market, selling them at prices as low as were necessary to enable them to dispose of their goods. This was done, for the most part, when ad valorem duties were imposed exclusively. The levying of specific duties tends to do away with such practices. Mr. Allen submits a table giving the value of the silk textiles imported into this country, by years, from 1891 to 1900, inclusive. (677, 678, 679, 680.)

Mr. CHENEY says the importations of silk goods are now practically limited to the very high grade novelties and to the very cheapest grades. These cheap grades are more or less adulterated. (727.)

13. *Export trade*.—Mr. ALLEN, Mr. ANDRAE, and Mr. HOMER all say that there are as yet no exports of American silk textiles which are worthy of consideration. (679, 690, 703.)

Mr. HUBER says that the export of American silks under normal conditions is not to be expected at present, as the cost of production and the wages paid are too high to admit of that. (675.)

Mr. ALLEN submits as a part of his testimony an extract from the annual report of the Silk Association, which states that if any American silk manufacturers have a chance to succeed some day in exporting goods it is the sewing silk manufacturers, for American sewing silk is the best in the world. Foreign manufacturers used to think that the American protective tariff would protect them from American competition in foreign markets, but this is turning out not to be the case. (687, 688.)

Mr. CHENEY says that his firm is trying to build up an export trade in silks, but that it has not yet succeeded. It costs more to manufacture goods in this country than the amount for which they can be sold in foreign markets. Cheney Brothers are looking for some dumping ground abroad where they can unload their surplus stock at the end of the season. They would rather sell goods at cost or even below cost outside of the country than to sell them in that way here because to do so would demoralize the market for the coming season. (781.)

14. *Domestic competition*.—Mr. ANDRAE says that competition between American silk manufacturers is very fierce. For the past year or two it has come very near to being ruinous. The weaker manufacturers, of course, suffer more than do those who have sufficient capital to carry on their business satisfactorily. There is absolutely no arrangement between the manufacturers for the maintaining of prices. (692, 698.)

Mr. CHENEY does not think that there has ever been a genuine attempt to form a combination of the silk manufacturing interests, though the manufacturers of sewing silk and twist have made some approach to a combination. If all the silk manufacturers of the country would combine to the extent of putting all the purchasing of raw materials into the hands of one organization a great deal of competition would be eliminated and the results would be very beneficial. (734.)

15. *Earnings*.—Mr. Cheney says that the profits made in silk manufacturing are very conservative indeed. Taking the business of Cheney Brothers for a long term of years, the yearly profits would not average more than 10 per cent on the actual capital invested. (735.)

16. *Tariff legislation*.—Mr. Cheney says that the silk industry has always been dependent upon the protective tariff. Primarily we lacked knowledge in this country as to how to manufacture silk goods, and although we have now learned how to make them, the disparity of wages is such that it is impossible to compete on even terms with foreign manufacturers. Many of the disadvantages under which American manufacturers formerly labored have been overcome, but not to such an extent as to make them independent of the tariff. So far as possible, spe-

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cific duties should be imposed on silk goods. It would be difficult to compete with foreign velvets under ad valorem duties. (781.)

Mr. CHENEY says that if there were a material reduction in the tariff on silks and velvets the silk mills in this country would either have to stop or find some way to make cheaper goods. There would have to be a reduction in both profits and wages. During the years from 1893 to 1897 the silk industry was in a very depressed condition. Nominally, Cheney Brothers paid the same wages to their employees per day or per piece, but there was a cutting down in the hours of employment per day. The depression felt by the silk industry was shared in by all the industries of the country. Changes in the tariff and the uncertainty which those changes created produced a general want of confidence in the business world. (731, 732, 733.)

Mr. WEIDMANN says that if the tariff on silks were removed there would be an immediate reduction in the wages of the workmen in the mills. If the workmen are willing to work for lower wages the industry can get along with a lower tariff. It is possible that if the tariff were removed American manufacturers would take their machinery to foreign countries and introduce American methods, and manufacture there for the American market. When the tariff on silk was lowered during the Cleveland Administration the silk industry suffered greatly, and few, if any, of the mills ran on full time. If the tariff should again be lowered, there would be a repetition of that experience. There is no doubt that the tariff has aided in the development of the silk industry in this country. (706, 707.)

Mr. HOMER says that the reduction of the tariff on silks would have a depressing effect on the silk industry. It would bear more hardly upon the laborer than upon the employer. The employer is always able to take care of himself. (738.)

Mr. ANDREAE says that the present tariff rates are sufficient both to steady prices and to give a fair return to the American manufacturer, without giving to him any monopoly of the home market. The only change which Mr. Andraee would care to see made in the tariff would be the making of the duties on silks generally specific instead of having the duties a combination of ad valorem and specific duties. The need for such a change is not great enough, however, to justify tariff revision.

If there should be a reduction of 5 per cent in the duties on silk goods imported from France it would undoubtedly facilitate the importation of goods from that country. If such a reduction should be made there certainly would be good reason for making a similar reduction on silks imported from Germany. (691, 692.)

Mr. DIMOCK says that the duty on sewing silk could be lowered perhaps 50 per cent without the industry suffering any injury. There would be no advantage to the consumer, however, in the lowering or in the abolition of the duties. If the duties were blotted out, the prices would be much higher than they are at present. The consumer gets his goods to-day at as low a price as that for which manufacturers can afford to sell them. Foreign sewing silks are not of nearly so good a quality as are American sewing silks, and probably not half of 1 per cent of the sewing silks used in this country are imported. So far as woven silks are concerned, the tariff is a necessity for the continuance of the industry, and will be for a good while yet. Home competition will put the prices down just as low as those for which the article can be sold, considering the cost of production. (696, 697.)

Mr. ALLEN says that silk manufacturers are almost universally in favor of the imposition of specific duties on silks. Specific duties, although not so desirable in theory as ad valorem duties, are more satisfactory in fact. Under the Dingley tariff, many of the silks coming into this country are subject to specific duties. Because of this there has been very much less undervaluation of goods than was the case previous to the passage of the Dingley Act. This is the universal testimony of the trade. Under a system of specific duties, there is no advantage to be gained by undervaluing goods. The extension of specific duties to all classes of silks would be a very desirable thing. Mr. Allen quotes from a letter received from a manufacturer of silk laces to the effect that the goods manufactured by him are subject to ad valorem duties, and that it is his belief that silk laces do not pay half the duties which they should pay; that cotton laces are subject to specific duties and that, therefore, the best part of his business is now in the making of fine cotton lace rather than in the making of silk lace. (678, 688.)

17. *Present conditions.*—Mr. ANDREAE thinks that the silk industry is fairly prosperous at present. (693.)

Mr. HOMER is of the opinion that at present there is a slight depression in the silk industry. This is due to a variety of causes. There is no reason to complain of the quantity of goods consumed, but the returns for the business done are unsatisfactory. Last year there was an abnormal rise in the price of raw silk without any corresponding rise in the price of the finished product, and the goods were sold below what could be considered a satisfactory price, in view of the high price of raw material. (701.)

C. Labor organizations.—Mr. ANDREAE says that there are some shop unions among the hands employed in the silk mills. At times the employees belong to the general trades unions, but they are not dominated as much by the general unions as are the employees in other trades. (698.)

Mr. CHENEY says that at the present time there are no labor organizations among the employees of Cheney Brothers. (733.)

Mr. WEIDMANN says that the workmen employed by the Silk Dyeing Company are not organized. (705.)

D. Relations of employers and employees.—Mr. DIMOCK says that the employees of the Nonotuck Silk Company have the most kindly feeling toward the company. There has never been a strike. The company provides tenements for some 57 of its employees. It also provides a boarding-house in which 60 of the girls employed by the company are accommodated. The cost of running the house is \$2.50 a week for each occupant, and that is the amount charged to the girls. (694, 695.)

Mr. WEIDMANN says that there has not been any strike of the workmen employed by the Silk Dyeing Company since 1893. There was a strike in 1893, which was due not to conditions in the mills, but was a sympathetic strike. (705.)

E. Conditions of labor.—1. *Generally.*—Mr. HUBER says that many of the workers in the silk mills own their own homes. Food is cheap and is of good quality, and the operative lives plainly and endeavors to save for a rainy day. There are few operatives in the silk mills who do not have savings-bank accounts. (676.)

Mr. DIMOCK says that the employees of the Nonotuck Silk Company are of a very high class. Social conditions have been very much improved by reason of the better education which it is now possible for the employees to obtain, and because of the opening of free libraries and reading rooms and the increased publication of newspapers, periodicals, etc.

Many of Mr. Dimock's employees own their own homes. (694, 697.)

Mr. CHENEY says that a great many of the employees of Cheney Brothers live in homes of their own. The company has about 300 houses which it rents to its employees. The rents received net very little return on the capital invested. (736.)

2. *Nationality.*—Mr. HUBER says that the workers employed in American silk mills are in part American born and in part foreigners. The American operatives are to be found mostly inland, while the foreigners are for the most part employed in the manufacturing districts near New York. All nationalities are to be found among the operatives. (675, 676.)

Mr. DIMOCK says that all nationalities are employed in the mills of the Nonotuck Silk Company. A great many of the employees are German and a great many are Irish. There are a few French Canadians. They make very good help. Many of the girls employed by the company are the daughters of farmers who live in the outlying districts. (694.)

3. *Wages.*—Mr. HUBER says that the weekly wages paid to operatives in silk mills in New Jersey are about as follows:

Quilling, boys and girls, \$4 to \$6; winders, \$6 to \$8; warpers, \$12; beamers, \$15; weavers, \$7 to \$14; twistors and drawers-in, \$12; day laborers, male, \$8 to \$10; day laborers, female, \$7 to \$8. In Pennsylvania the wages vary from \$3 to \$8 per week. The cost of living is not greater than is the cost of living in European manufacturing cities. (676.)

Mr. CHENEY says that in the mills of Cheney Brothers work is for the most part paid for under the piecework system. The wages paid are averaged every month, but these averages are a little deceptive, because the wages paid depend upon the quality of the work done and the capability of the individual laborers. Children earn on an average \$3 or \$4 a week; competent girls, from \$6 to \$7 a week. The weavers average \$2.11 a day on piecework, the wages running all the way from \$1 to \$4 a day. The wages of the employees in the silk mills in France do not average more than one-third the wages of American operatives. Four or 5 francs a day are considered very large wages for men in France, and the hours of labor are longer there than in this country, too. In England the wages are about one-half what they are in this country; in Germany and Italy, about one-fourth. The output per employee would be as large in the foreign mills if the same machinery were used, but the foreign mills are not equipped with modern machinery.

On account of the greater cheapness of labor, the foreign manufacturers can do a great many things which American manufacturers can not afford to do. They can take the poorer grades of raw material and use them with profit by putting a great deal of labor upon them. American manufacturers can not afford to do that, and are obliged to use the best of everything. (729.)

Mr. WEIDMANN says that a good workman in the silk-dyeing mills in Switzerland is paid about \$4 a week, while the poorest-paid laborer in this country earns \$9 a week. The best dyers in Switzerland get from 25 to 40 francs a week, while in this country they are paid from \$15 to \$30 a week. There is no local uniform scale of wages for silk dyers in this country, but each dyer gets whatever he is worth. If one man has more ability than another, he gets more pay. The rate of wages depends entirely upon the capacity of the workman.

Mr. Weidmann says that he thinks that workmen have as much right to name the wages to be paid as has the employer, but that, as a matter of fact, he fixes the wages for every man employed by his company. (705, 706, 707.)

Mr. DIMOCK says that the wages paid in the sewing-silk mills have steadily advanced during the last 50 years and are now fully 100 per cent higher than they were 50 years ago. Most of the work done by the women is paid by the piece. Most of the men work by the day. The wages of the girls employed by the Nonotuck Silk Company average \$7.50 a week; the wages of the men average \$12 a week. All of the employees are paid in cash. (694, 696.)

4. *Hours of labor.*—Mr. DIMOCK says that the employees of the Nonotuck Silk Company work from 6.50 a. m. to 12 o'clock noon and from 1 p. m. to 6 p. m. All women and all minors under 18 quit work at 3 p. m. on Saturdays, as the law limits the labor of women and minors in factories to 58 hours a week. The men employees work 60 hours a week, and stop at 5 p. m. on Saturdays. The hours of labor for State, county, and city employees are shorter than for the employees of manufacturing establishments. Forty years ago or more the workers in the silk mills worked on an average 12 hours a day throughout the year. They worked from daylight to dark, and on the longest days in summer worked 14 hours. The men occasionally work over time for repairs. On account of the law limiting the hours of labor of women and minors to 58 hours a week, these employees do not work over time. (694, 695.)

Mr. WEIDMANN says that the workmen employed by the Silk Dyeing Company work 55 hours a week. There is a separate shift of workmen for night work, who come on at 6 o'clock in the evening. In Switzerland the workers in the silk dyeing mills work 10 hours a day, or 60 hours a week. (705.)

5. *Employment of women and children.*—Mr. ANDREAE says that in the Pennsylvania silk mills more women than men are employed; in Paterson, as in all of the older silk centers, more men than women are employed. (693.)

Mr. CHENEY says that about 45 per cent of the employees of Cheney Brothers are men and about 55 per cent are women. (729.)

Mr. HUXER says that children under 15 years of age, mostly girls, are employed in throwing and spooling. Men are employed especially in weaving. The employees of the New Jersey silk mills are two-thirds men and one-third women. In Pennsylvania, however, only one-third of the workers are men and two-thirds are women. (676.)

XIX. PLUSH TRADE.

A. Development of plush manufacture.—1. *History.*—Mr. JOHN HOWEELL, a manufacturer of Boston, Mass., says that previous to 1838 all mohair car and furniture plushes were imported. Previous to 1881 two unsuccessful attempts had been made to establish the plush industry in this country. In 1881 the Goodall Brothers of Sanford, Me., began experimenting, with a view to manufacturing mohair plushes. The first loom was a failure, but in the spring of 1883 they were able to place on the market what was known as crushed furniture plush. It was not until the summer of 1884, however, that they were able to place upon the market mohair plushes satisfactory to the American consumer. From 1884 to 1887 constant improvements were made in the looms, and the cost of manufacturing was reduced. From 1887 up to 1892 an enormous amount of mohair plush was made in this country, but about 1892 that fabric practically went out of use, and the plushes which are now manufactured are nearly all car plushes, jacquard pattern, high pile and low pile. A limited amount of crush plush is manufactured.

During the years from 1887 to 1892 a considerable number of factories for the manufacture of plush were established in this country, and there is strong competition in the industry. (521, 522, 523.)

2. *Benefit to consumers.*—Mr. HOWEELL says that the establishment of the plush industry in this country and the consequent development of home competition have resulted in reducing the price of plush to the American consumer 33, or 40 per cent, possibly more. The McKinley law stimulated production, and there are more looms in the country to-day making mohair plush than can be run profitably. The fall in price has not affected quality of the goods. (523-526.)

B. Conditions of capital and business.—1. *Sanford mills.*—Mr. HOPEWELL says that the Sanford mills manufacture plushes, carriage robes, horse blankets of all kinds, and army blankets. They also manufacture linings for cheap coats, ducks, and drills. The mills employ from 375 to 400 hands, and manufacture probably about 75 per cent of the goods produced in their line which are manufactured in this country. (523, 526.)

2. *Foreign competition.*—Mr. HOPEWELL says that as soon as the Sanford mills, through their representatives, L. C. Chase & Co., entered the market in competition with foreign manufacturers of plush, the foreign makers reduced their prices to the American jobbers, and continued to make great reductions in price for the 3 years following the beginning of American competition. As there had been no change in the cost of mohair, this reduction in price was caused wholly because of the competition of American manufacturers. The foreign manufacturers were disposed to make the United States the dumping ground for their surplus product. In addition to that, there was great undervaluation of the imports of plush. If there is to be competition it is better that it should be domestic competition. In addition to the disadvantage which the American manufacturer has from the undervaluation of imports and from the sending of surplus products to this country regardless of price, he is at a disadvantage, because labor in other countries is cheaper than it is here, while the expenses of manufacturing are substantially the same for all American competitors. (523, 524.)

3. *Effect of tariff reduction.*—Mr. HOPEWELL says that under the so-called Wilson law the business of the Sanford mills declined greatly. This was due largely to the general depression of business. Still, there was quite a little importation of foreign robes and foreign plushes. (523.)

4. *Raising of Angora goats.*—Mr. HOPEWELL says that the establishment of the plush industry in this country has led to the breeding and raising of Angora goats. The raising of these goats has increased very rapidly in this country during the last few years. (523.)

C. Conditions of labor.—1. *Wages.*—Mr. HOPEWELL says that the weavers employed by the Sanford mills are paid from \$9 to \$10 per week, the average being probably \$9.50 per week. The spinners are paid from \$5 to \$6 per week, according to the number of spindles tended. Last year the Sanford mills increased the wages of its employees from 10 to 15 per cent. There had been a reduction of 5 per cent in wages after the Wilson law went into effect. In Germany weavers are paid from \$5 to \$7 per week. (523, 526.)

2. *American and European workmen compared.*—Mr. HOPEWELL says that the productiveness of the foreign laborer in the plush factory is about the same as that of the American laborer. There is no question but that there is a difference in the productiveness of American and foreign workmen in some industries, but in the plush industry the productiveness is substantially the same. The productiveness depends on how the machinery is speeded. If the machinery is speeded the same in the two countries the result will be the same. (526.)

XX LINEN THREAD TRADE

A. Conditions of capital and business.—1. *Linen Thread Company.*—Mr. WILLIAM BARBOUR, president of the Linen Thread Company, says that the Linen Thread Company was formed for the purpose of distributing more economically the product of 4 different linen-thread mills. These mills employ about 4,000 operatives, three-quarters of whom are women. The Linen Thread Company simply sells the products of these mills. It did not purchase the separate mills, and the original owners have the same relative interests in the properties which they had before the Linen Thread Company was formed. The company manufactures a little, though very little, on its own account. It also imports large quantities of linen linings. This is not properly a part of the thread business, but it is done because some of the most important customers of the company purchase these linings. The Linen Thread Company also took over the business of several of the selling agencies of foreign manufacturers. (723, 724.)

2. *Advantages of combination.*—Mr. BARBOUR says that by the formation of the Linen Thread Company 90 per cent of the bad debts of the companies whose products it sells have been eliminated. The company is also enabled to carry stocks in different localities all over the country, in many of which localities the separate concerns could not afford to keep a representative and to carry on business. (725.)

3. *Competition.*—Mr. BARBOUR states that there are four concerns manufacturing linen thread which are not represented by the Linen Thread Company. These

independent mills compete strongly with the Linen Thread Company, and their competition is increasing. There has been no advance made in the prices of the goods handled by the company since its formation. (726.)

4. *Importation of flax.*—Mr. BARBOUR says that all the flax used by the Linen Thread Company is imported. The company imports a large amount of flax from Canada in the rough state, and also imports a great deal of what is known as hackled flax—that is, flax from which the tow has been removed. It is more profitable to import the combed flax and sell the tow in Ireland, have it spun there, and import the yarn, than it would be to import the uncombed flax, comb it here, and attempt to sell both the yarn and the thread here. There is not sufficient protection on yarns to warrant their manufacture in this country. (724.)

5. *Consumption of linen thread.*—Mr. BARBOUR says that the amount of linen thread consumed in the United States equals the consumption of linen thread in all the rest of the world. More carpet yarn is sold in Philadelphia than is consumed in the whole of Great Britain. (724, 725.)

6. *Import and export trade.*—Mr. BARBOUR says that nine-tenths of the linen thread consumed in this country is manufactured here. Nearly all of the thread used in the manufacture of fish nets, however, is imported. This fact is due in large measure to the prejudice of the fishermen, who have an idea that a certain brand of thread will catch fish, and that other brands will not.

Mr. Barbour says that no linen thread is exported. (724.)

7. *Effect of tariff legislation.*—Mr. BARBOUR says that the linen-thread industry would never have been established in this country except for the protective tariff. If the tariff duties should be repealed or lowered it would result in the transfer of the linen-thread industry to foreign countries. The tariff is needed, not on yarn thread, but all along the line. Increased consumption of goods results from our tariff policy. Two years of a free-trade administration would cause the consumption of thread in this country to fall off 75 per cent. (725.)

B. Conditions of labor.—1. *Nationality.*—Mr. BARBOUR says that nearly all of the employees in the factories of the companies represented by the Linen Thread Company have come from Scotland and Ireland. (724.)

2. *Wages.*—Mr. BARBOUR says that the spinners employed in the mills of the Linen Thread Company are paid from \$1 to \$1.10 per day. The wages of the spinners in Belfast, Ireland, are about 85 cents per day.

Some of the girls employed in the linen-thread mills at Paterson have as much as \$2,500 deposited in the savings bank, and many of the employees own their own homes. (724.)

3. *American and European operatives compared.*—Mr. BARBOUR says that exactly the same kind of machinery is used in the linen-thread mills in Ireland as is used in this country; it is speeded just as high, and the operatives produce just as much in a day as do the operatives in this country. It may be true that in many industries American operatives are more efficient than operatives employed in similar industries abroad, but it is not true in regard to the linen-thread industry. (724.)

4. *American and European conditions compared.*—Mr. BARBOUR says that the condition of the operatives in this country is much better than is the condition of operatives abroad. Foreign operatives are anxious to come to this country, and none who come wish to go back. (725.)

XXI. CLOTHING MANUFACTURE. SWEAT SHOPS.

A. General conditions of labor.—1. *Extent of sweating system.*—Mr. REYNOLDS, head worker of the University Settlement Society, says that the statement is made that there is not a garment-making establishment on Fifth avenue, from the lowest to the highest, that does not send its work to the tenement houses. If one leaves one's measure with a first-class tailor, he has no assurance that the work will not be done in a sweat shop. The union label of the tailors' union is no guarantee against it. The garment manufacturers were to a large extent favorable to a law requiring the licensing of work done in the tenement house; but they opposed the provision of the law which requires that every manufacturer and every contractor shall file in the factory inspector's office a list of the names of the persons who worked for him, and that every worker shall file a statement of the parties for whom he works. The makers of first-class garments desire to conceal the fact that they use the sweat shop. Mr. Reynolds estimates that the sweat shops do about four-fifths of the garment-making work. (88, 89.)

Mr. Reynolds says that the attempt was made about 5 years ago to strengthen the clothing manufacture in factories as against manufacture in small sweat shops and in private apartments. The attempt has not succeeded. The introduction of electrical machinery and other motors for running sewing machines

has proved an obstacle. Two of the largest cloak manufacturers in New York have just retired from business, saying that they can not compete with the small shops of the East Side. The reasons given are that the small shop can make up a small lot of goods in a greater variety of styles for the western customer, and that it can rush through a small order on much shorter notice than the large factory has to have for filling its larger orders. (83.)

Mr. BROOKS, president of the National Consumers' League, says that dress suits and high-priced cloaks come out of the sweat shops. In ordering clothes at any first-class tailor shop on Fifth avenue, one has no assurance where or how they will be made. All the leading tailors in Chicago have a large part of their work done in sweat shops. There is not a department store in New York that has not tons of sweat-shop goods in it. Vast quantities of clothing for use in the Army are reported by investigators to have been made in such places. (131-135.)

Mr. Brooks says that the Massachusetts law, since it has become effective in diminishing the evils of the sweat shop in Massachusetts, has driven them to New York. Roughly, \$120,000,000 worth of goods are made in sweat shops in New York, and probably not more than \$23,000,000 worth in Massachusetts. The abuses of the sweating system center in New York City and the surrounding regions on Long Island and in New Jersey. (129.)

Mr. HUGHES, deputy factory inspector of Pennsylvania, says that most of the fine merchant tailoring of Philadelphia is done by home workers under slum conditions. Mr. Hughes does not know of a custom-tailoring establishment in Philadelphia that has a shop on its premises. A coat which it would cost \$7 to make in a shop is made by home workers for \$3 or \$3.50; one which would cost \$12 in a shop is made in the homes for \$7 or \$8. Mr. Hughes once found a coat, which had been ordered by a prominent official of the city of Philadelphia, being made under very unclean conditions. While Mr. Hughes was explaining to the workman the necessity of greater cleanliness, he discovered a goat under the table; and downstairs he found more goats. The man told Mr. Hughes that the goat was a member of the family. His permit was withdrawn. Mr. Hughes has found ladies' garments ranging in price from \$25 to \$50 in a house where a child was sick with diphtheria. In another place, lying on the bed of a child sick with diphtheria, he found about 125 pairs of children's pants. (257-260.)

Mr. LAPPIN, deputy factory inspector of Pennsylvania, says that when a man orders a first-class garment, supposing that it is to be made by a first-class workman, he has no security that it will not be made in a sweat shop. Mr. Lappin himself has ordered a \$25 business suit, and has found the coat of it in the hands of an Italian, who said that he was to get \$3 for making it. At least \$5 to \$7 ought to have been paid for making such a coat. Mr. Lappin remembers, among goods that have been destroyed in accordance with the sweat-shop law, silk waists, ladies' wraps, custom-tailoring goods, and one overcoat worth about \$65. Mr. Lappin thinks that four-fifths of the custom-made goods are made in private houses. (249, 250, 262.)

Mr. DIXON, a merchant tailor of Philadelphia, objects strongly to the statement that no tailoring establishment in Philadelphia has a workshop connected with it, and that one can not be sure, in ordering an expensive garment from any merchant tailor in the city, that it will not be made under filthy and unwholesome conditions. He declares that he has working rooms connected with his own establishment, and he knows that other tailors have. He does not intend that any work which he gives out shall be done under bad conditions. He depends for protection in this respect very largely upon the State inspection of places where clothing is made. He was president of the Merchant Tailors' Association of Philadelphia when the inspection law was passed and put into operation, and he did all he could to help the inspectors.

Mr. Dixon implies that the work done in his shop is largely repairing. He says that workmen prefer to work in their own homes; it has always been a habit of the trade, and there is a prejudice against change which would have to be overcome before the factory system could be introduced. Moreover, the conditions of the trade make factory work almost impracticable. During September, October, November, and the first part of December there is a great press of work; during July and August and January and February there is scarcely anything to do. It is necessary for a man to work very long hours in the busy season in order that his wages may carry him over the dull season. The factory system, applied under the customary factory laws, would restrict their employment to perhaps 60 hours a week. It would also put an end to that individuality in the production of garments which is the distinctive mark of the true tailoring trade. Though the work is home work, it ought not to be classed as sweat shop or slum work. Conditions are probably better in Philadelphia than in Chicago or New York. There is more tenement life in New York and less in Philadelphia. Many Philadelphia

workmen, including some of Mr. Dixon's, own their own houses, and have neat rooms set apart for their work. They are prosperous, their children are clean, their houses are tidy; better conditions could not be obtained. Mr. Dixon has sometimes suspected, when one of his workmen has brought back a completed garment, that he himself had not made it, but that he had farmed it out and taken a profit on it. A skillful cutter can detect a thing of this sort, because he knows the individual qualities of the work of different men. When an employee is suspected of having played such a trick he is dropped. (281-285.)

2. *Distinction between sweat-shop work and home work.*—Mr. MILLIGAN, formerly factory inspector of Pennsylvania, makes a distinction between sweat-shop work and home work. Ready-made clothing, he says, is made under sweated conditions. In the tailoring industry proper, there are Italian, German, Irish, and English tailors who have learned the trade and are able to make a complete garment, but who get the clothes from the merchants and manufacture them in their homes. It is doubtful, however, whether these tailors would prefer to work in shops attached to the establishments they work for, even if the shops were furnished. There are only two seasons in the year, the spring and the fall, and they must work hard while they do work. Yet these goods ought to be made in what is called the back shop. There are several such back shops attached to tailoring establishments in Philadelphia, where work is done under proper conditions. (254, 255.)

Mrs. SYMONDS, labor editor of the Philadelphia Inquirer, distinguishes sweat shops from home-working places as they now exist in Philadelphia, to the disadvantage of the latter. It is the home worker, she says, that is now a menace to the community. The sweat shops used to exist under conditions very similar to those which now surround the home workers, but by the good factory inspection law of Pennsylvania and the efficient enforcement of it, this has been largely done away with. The sweat shops, with which Mrs. Symonds is now acquainted, are well lighted, well ventilated, airy places. In the homes of the immigrants, work is carried on under conditions of repulsive filth. (261, 262.)

3. *Wages.*—Mr. REYNOLDS says that in factory work, in the garment trade, wages would range from \$5 or \$10 a week for the operator's assistant; up to \$15 or \$18 a week for operators and pressers, and for other workers, from \$15 up even to \$25. These wages might sometimes be made in the homes of the workers, but the home workers are, as a rule, the least skilled. The more skilled workers are found in the small shops, and the most skilled workers in the large factories. (83.)

Mr. Reynolds thinks that the sweat-shop worker, working 10 hours a day, can probably earn \$10 a week. Where the work is done in the homes the children may assist, but child work is not a considerable evil in this connection. (90.)

Mr. DIXON says that a coat maker in that city, a skilled tailor, can earn from \$20 to \$40 a week during September, October, November, and the early part of December, according to his skill and the hours he works. A trousers maker would probably earn from \$12 to \$25 a week. During this busy season, however, men work very long hours; sometimes from 6 or 7 in the morning until midnight. (288-285.)

Mr. HOURWICH says that in the tailoring trade in New York City it is quite customary for an employer to withhold the payment of a portion of the wages as security that the employee will not leave him before the expiration of the agreed term. This is practised especially in regard to cutters, who may leave an employer in great embarrassment if they desert him in the height of the season. (156.)

4. *Hours of labor.*—Mr. REYNOLDS says that the secretary of one of the garment workers' unions, 3 or 4 years ago, showed him a list of 125 members of the union, out of whom he mentioned by name 16 who he knew were working 12 hours a day; 8 who were working 14 hours; 6 who were working 18 hours, and 4 who were working regularly 20 hours. These hours were kept in shops which were only shops, or in shops which were residences and shops at the same time. The men who were working 20 hours had come to this country alone and were anxious to bring their families over. Probably they would not work such hours more than one season; but the effect of it on the general trade is very bad, because they do not get wages commensurate with the length of time they work, and consequently the practise encourages the employers to extend the hours of labor and to cut down the wages. (84.)

5. *Manufacture of army clothing.*—Mr. BROOKS testifies that the English Government does not make any contracts for the manufacture of garments without provisions which make it certain that the work will be kept out of sweat shops. Garments bought by the Government are made in London in some of the finest factories, working eight hours, with up-to-date machinery, and good light. The post-office department of Canada has decided that every contract shall contain provisions which shall make it impossible to farm it out. Mr. Brooks contrasts

the policy of our own Government, with its sweat-shop army clothing, to our disadvantage, with the policy of England and Canada. (185.)

Mr. LAPPIN says that 2 years ago as many as 8,000 women were employed at their homes making army clothes for the United States Government, and that besides as many as 60 contractors were doing similar work and sending it into the slums of Philadelphia. The factory-inspection department of the State induced the Government, through the commanding officer of the United States arsenal, to insert in its contracts a clause providing that all work must be made and finished in the building to which it was taken, and must not be given out under any conditions. As a result of this, Mr. Lappin declares that there is not now a single piece of army clothing being made in the slums of Philadelphia. These goods are now made in factories. Mr. Lappin speaks, however, of the khaki suits of the Government as having been made for a time by regular employees in Philadelphia and afterwards sent to New York because they could be done for 90 cents in the New York sweat shops, while it cost \$1.15 to make them in Philadelphia. (249.)

6. *Evils of sweating system.*—(a) *General discussion.*—Mr. BROOKS mentions as one of the evils of the sweat shops the throwing of the rent, which the employer ought to pay for a working place, upon the laborer. In the modern city rent is an item of vast importance. Another evil is the seasonal character of the trade. There are periods of idleness alternating with excessive work. During the boom season the work goes on steadily 14 or 15 hours a day. This alternation of excessive work and idleness would be diminished if the trade could be brought under the factory system. Again, the physical exhaustion involved in home methods of production is enormous. The woman or the child running a machine by foot power has to follow a pace of production which is set by machinery propelled by steam or electricity. The testimony of physicians is that it is rare to find a healthy person who has been engaged 4 or 5 years in such work. Further, besides the evil to the workers, there is the danger to the health of the whole community from the filth and the disease of the sweat shops. Even in Massachusetts, where the law is probably better enforced than anywhere else in this country, it is constantly necessary to withdraw sweat-shop licenses because of filth or actual disease. Diphtheria and typhus are constantly found in sweat shops, even where they are inspected, and to a far larger degree, of course, in those which are not inspected or are poorly inspected. Finally, the system is characterized by pitiful wages. During the boom season the poor people slave to the utmost to get the largest possible amount of work. During the dull season great numbers of them are dependent upon charity. (129-133.)

(b) *Sanitary conditions. Contagious diseases.*—Mr. MILLIGAN finds the greatest evil of the sweat shops in their filthy and unsanitary conditions. He declares that clothing in the process of manufacture has frequently been spread on the floor for persons to sleep on, and vermin are often found creeping over the garments. He mentions having found a dress coat, designed for a prominent and distinguished gentleman of Philadelphia, in the hands of an Italian, with a filthy, naked baby crawling about him, two or three boys looking after little details of the coat, and half a dozen spring chickens running about the floor. (252, 254.)

Mr. REYNOLDS states that the State Tenement House Commission, of which he is a member, recently examined the apartments of 697 workers in the sweated industries. Of 15 flower workers, 4 were found in unsanitary apartments; of Italian garment workers, 78 out of 205 in Manhattan, and 10 out of 108 in Brooklyn; and of Russian and Polish workers, 8 out of 118 in Manhattan, and 5 out of 99 in Brooklyn, were found living under unsanitary conditions. Ten out of 15 of the flower workers; 12 out of 41 necktie workers; 118 out of 205 Italian garment workers in Manhattan, and 88 out of 108 in Brooklyn; 18 out of 118 Russian and Polish garment workers in Manhattan, and 5 out of 99 in Brooklyn, used the working rooms as sleeping rooms. The unsanitary conditions, including overcrowding, are partly due to the habits of the immigrants and to the conditions under which they have been brought up. The Italians are the worst, especially in respect to overcrowding. Out of 205 apartments in Manhattan occupied by Italians, 58, and out of 108 in Brooklyn, 17 contained more than one family. Among the Jewish workers there were only 8 such cases out of 118 in Manhattan, and only 2 out of 99 in Brooklyn. (85.)

Mr. Reynolds says that he has seen an apartment where garment making was going on in the front room, while the garments were piled and kept in a dark back room in which a man lay on a bed, apparently in the last stages of tuberculosis. In many instances he has found garments on the floor and the floor filthy; he has found the rooms dark, the ventilation bad, and the gases at times coming up from defective plumbing. Vermin always abound. (88.)

Mr. LAPPIN mentions a case in which diphtheria appeared in the house of a woman who was making clothes at home for the United States Government.

Being anxious to get the work finished, she induced another woman to take it home and complete it. In 10 days diphtheria appeared in the other woman's house. The State permits of both of these women, permitting them to do work in their houses, were revoked, and repeated requests for renewal of them have been refused. (251.)

7. *Frauds on workers.*—Mr. HOURWICH says that the great complaint in the sweat-shops of New York is that the workman can not be assured of his pay. The large warehousemen, as they are called, only keep designers and cutters. They send out the work to subcontractors. The subcontractor may have money enough to pay a month's rent, or he may borrow even that from the warehouseman. He probably has no money to buy sewing machines, though machines can be bought for \$10 apiece. He rents his machines. He is entrusted by the warehouseman with perhaps \$1,000 worth of work. He delivers the work. It is passed upon by the examiner, and if it is found satisfactory he gets a check. Very often he makes away with the check. Workmen have worked for weeks and are left without a cent for their families. The law gives them no redress. There is a provision for an artisan's lien, but in order to be protected by it the workman must keep possession of the work until he gets his pay. He can not do this under the conditions of the trade. New York has a law to protect workingwomen, which makes an employer who fails to pay the wages of his female employees liable to arrest if an execution is returned unsatisfied; but this does not apply to workingmen.

The United Brotherhood of Cloak Makers has overcome this trouble to some extent, by inserting a provision in its contracts with the manufacturers, making them liable for loss of wages resulting from the insolvency of the sweat-shop bosses or contractors. This has worked very efficiently. In some cases the manufacturers who are so bound take pains to ascertain the financial responsibility of their contractors; in other cases they take deposits from the contractor, or retain a certain portion of his pay until they are satisfied that the hands are paid. But outside this particular branch of the tailoring trade, and outside of those factories which are under the union rules—and they are not the majority—the workers have no security. In the great majority of the tailoring establishments in New York city, which employ 50,000 workmen or more, there is no certainty that the wages that are earned will be paid. (142, 155, 156.)

Mr. BROOKS mentions, as one type of gross fraud which the sweating system makes possible, advertising for workers to learn some special work, getting several days' service for little or nothing, and then turning the people off with some excuse, such as that the sewing is not up to the mark. In this way the sweater constantly loses his women, but is able to cheat a succession of victims. (136.)

B. Foreign-born in sweat shops.—Mr. MILLIGAN says that recent immigration has revolutionized clothing manufacture. There used to be a number of Germans in Philadelphia who manufactured ready-made clothing in well-kept shops. They have been nearly wiped out. The lower class of immigrants come here without any means of livelihood, and are forced to seize upon the first employment at which they can earn a living. They can learn very quickly to run a sewing machine and manufacture clothing. These people are entirely lacking in cleanliness and have no sense of what conditions are decent for such manufacture. They soon become manufacturers or contractors themselves, and their competition with each other crowds down the prices of work. (258.)

Mr. HUGHES testifies that he has official charge of the slum district of Philadelphia, which is chiefly filled with tenement houses, inhabited mostly by immigrants. The prevailing nationality he thinks to be Russian. The chief industry is the manufacture of clothing. This is largely carried on in the homes of the people, and men, women, and children are employed at it. The majority of the workers have learned the trade after immigrating to this country. They often go on arrival to some friend or relative who is already in the business and who has brought them from Russia. Occasionally they become bosses immediately. Mr. Hughes recently found a family which had been in the country only two weeks, the head of which was already a boss, manufacturing children's pants. The boss sets apart a room in his home for working, rents two sewing machines at \$3 a month apiece, and gets an iron and a board to press on. Then he goes to the store and gets clothing, takes it to his home and manufactures it. The bosses underbid each other mercilessly in the price of work and so cut down the rate of wages. (257.)

Mr. REYNOLDS says that until some 15 years ago the garment-making trade in New York was largely in the hands of the Irish women and German men. While some work was done in the homes, more was done in the shops than is the case now. When the Russian and Polish immigration came, the immigrants wanted some trade which they could acquire easily and exploit quickly. After working 2 weeks at the garment-making trade one can begin to get small wages as an operator's assistant. There is scarcely any other occupation, except unskilled labor,

at which one can begin to earn wages so quickly. So the Jewish immigrants have turned into this trade more largely than into any other, and each succeeding batch of immigrants has tended to lower the conditions established by the previous batch. The Germans have been largely driven from the trade, and the work is almost exclusively done in small shops and in the homes of the people. (83, 85.)

Mr. BLAUSTEIN says that one reason of the turning of the Jews into sweat shops is their religious scruples. If they go into a factory they must work on the Sabbath. They prefer remaining true to their religion to getting work. There are individuals who take advantage of this conscientiousness and offer to provide them with work which they can do at home and do when they please. Mr. Blaustein believes that the Sabbath question has more to do with the crowding of the Jews into sweat-shop work than their poverty. He believes, however, that there are more Italian than Jewish sweat-shop workers, though the Sabbath question does not trouble the Italians. (120, 121.)

C. Labor organizations.—1. *Efforts to abolish sweat shops.*—Mr. BROOKS says that the United Garment Workers are working against the sweat shops under enormous difficulties. They are trying to use their label on goods that are not made in sweat shops. If they were powerful enough to enforce their demands, they would help very greatly in the abolition of sweat-shop work, but they are not strong enough. The sweat-shop workers themselves are too weak and helpless to organize completely enough to control the abuses. Even the label of the Garment Workers gets put on sweat-shop work. (134.)

Mr. LAPPIN says that while the labor organizations are in some degree active in the attempt to regulate the sweat shops, they are handicapped because no individual wants to take an active part for fear of being boycotted by this or that particular house. Union men are violators of the regulations along with the rest. They are brought to it by the conditions existing. (251.)

2. *Attitude of employers.*—Mr. DIXON has always refused to deal with a union, and he gives as one chief reason the loss of individuality in work which would result from putting all tailors on one level. The product of the tailor is an individual product and has its individual qualities. Mr. Dixon would not be willing to admit that all men can do the work equally well and should have the same pay. He does not know that any effort has ever been made by the Journeymen Tailors' Union to substitute shop work for home work in Philadelphia. (283, 284.)

D. Existing laws for inspection of sweat shops.—1. *Pennsylvania.*—Mr. HUGHES submits a copy of the sweat-shop law of Pennsylvania. It governs the manufacture of certain named articles of dress, as well as that of purses, feathers, artificial flowers, cigarettes, and cigars. It provides that no room in any tenement or dwelling house shall be used for the manufacture of these goods, and that no person shall be employed to work in any room or building at making any of them, in whole or in part, until a written permit has been obtained from the factory inspector, fixing the maximum number of persons that may be employed therein, and stating that the building or part of the building intended to be used for such work is thoroughly clean, sanitary, and fit for such work. The permit shall not be granted until the premises have been inspected by the factory inspector or one of his deputies. It may be revoked whenever the health of the community or of the people employed requires it. Persons who contract for the manufacture of any of the articles named are forbidden to make such a contract or to give out material for such work without the production of the permit. They are required to keep a written register of the names and addresses of all persons to whom such work is given, and to produce it on demand of the factory inspector or any of his deputies. Two hundred and fifty cubic feet of air space is required for every person employed. Violation of any provision of the act is punishable by a fine of not less than \$20 nor more than \$50 for the first offense; not less than \$50 nor more than \$100 for the second offense, or imprisonment not more than ten days; and for a third offense by a fine of not less than \$350 or not more than 30 days' imprisonment. The factory inspector or any of his deputies may seize and destroy any clothing that is being made in any unsanitary place or where there is contagious or infectious disease.

The great weakness of this law Mr. Hughes thinks to be in the provisions for the enforcement of it. There ought to be about 20 inspectors in the city of Philadelphia; there are only 7. The home workers ought to be constantly watched, and it is impossible at present to visit their homes more than once a year. Criminal process under the act should be more expeditious. The magistrates have authority only to hold violators in bail to appear at court. Sometimes the cases drag along in court 5 or 6 months before there is a hearing. Meantime sweating is going on in the old way. It would be better if the magistrate had power to fine.

Mr. Hughes says that he has himself seized some 1,500 garments found in unsanitary places and had them destroyed; though it appears from his later testimony that the garments were turned over to the board of health, and that some of them at least were not destroyed, but only fumigated. (258-260.)

Mr. LAPPIN believes that the present law of Pennsylvania, and particularly the recent amendment which empowers inspectors to seize, confiscate, and destroy goods found in process of manufacture in unsanitary places, or places where contagious diseases exist, has been a most effective sweat-shop law, and has produced excellent results. Every person who manufactures in his home the goods designated in the law, must obtain a permit from the factory inspector, and the manufacturer is required to demand the production of the permit before giving out work. The health law requires the physicians of Philadelphia to report to the bureau of health every case of contagious disease. By the courtesy of the city government the bureau of health submits to each factory inspector a list of such cases. This enables the inspectors immediately to detect any places which hold home-work permits and in which contagious disease has appeared. If goods are found in process of manufacture under such circumstances the board of health is notified and the goods are sent for and fumigated. If any case is found where work is being done without a permit the inspector has authority to order the goods destroyed; and goods have been destroyed under this law. Such destruction of the goods is a far more effective penalty than arrest would be. The law would be much more effective if the number of inspectors were increased. Mr. Lappin's district includes 70 sweat shops, over 200 factories, and about 8,000 homes in which work is done. He is able to inspect the factories only about once a year, and the sweat shops scarcely oftener. Once a year would do very well for the factories, but the sweat shops ought to be inspected once a month. There should be 3 men in Mr. Lappin's district instead of 1. The number of inspectors actually employed is 20 in the State, and 7 in the city of Philadelphia. (248-251.)

Mr. MILLIGAN says that during his experience as inspector in Pennsylvania, from 1895 to 1897, there were only a few places that could properly be called sweat shops. The work was done in the homes of families, in rooms that ought to be used only for living purposes. The law, when he was inspector, provided that none but a member of the family could work in a house. Under this law the inspector directed a considerable number of people who were working in unsanitary homes to do their work in shops where the conditions were better. But many very soon went back to home work, declaring that at the prices they got it was impossible for them to pay shop rent. The law was afterwards amended so as to give the department the right to inspect homes in which work is done. (252.)

2. *New York.*—Mr. REYNOLDS says that the inspectors who are charged with the care of sweat shops in New York have been accused of neglecting their duties from corrupt motives; but the only attempt which has been made to prove anything of the sort resulted in failure. Mr. Reynolds attributes the lack of efficient inspection to the inadequacy of the inspecting force. On September 1, 1899, a law came into operation requiring the licensing of all working places in tenement houses in which garment making, cigar and cigarette making, etc., are carried on. The department was swamped with applications. About 12,000 licenses have already been granted. In a single street, about 8 blocks long, 999 licenses were granted from September 1 to January 1, while only 953 such licenses were granted in the whole of last year in the whole State of Massachusetts. If the law could be adequately enforced it would greatly diminish the evil conditions, at least in New York. This has been the effect in Massachusetts, where the law is enforced. (86.)

Mr. BROOKS says that it is absolutely impossible to get any proper inspection of the sweat shops of New York. Politics interferes with it, and public opinion does not efficiently demand it. It is not even possible to obtain the information which the law requires manufacturers and contractors to furnish. The law gives properly authorized persons the right to know to what houses a contractor sends goods. It has not been found possible, by any device which the Consumers' League can control, to get at these names. (129, 130, 137.)

E. Proposed legislation and remedies.—1. *General discussion.*—Mr. Brooks believes that if all manufacturers were required by law to adopt the factory system, and if the law were enforced, the sweating evil would be practically cured. He does not believe that such a change would, in the long run, increase the cost of garments to the consumer. Sweating puts a check upon the improvement of methods and of machinery. There are some large manufacturers who do not use the sweat shops, and others use it only when the busy season is on. Mr. Brooks has a collection of garments of almost every type which were

made under splendid conditions at prices not higher than those of the sweated goods. Some of the very cheapest things on the market are made in excellent factories. But an industry that has been sweated—as, for instance, the English boot industry—drags along for a long time before the most intelligent men in it find that sweating can be abolished; and so long as surplus labor can be exploited by small and unscrupulous contractors, it is very difficult to introduce a better system.

Yet Mr. Brooks does not wish to raise the question, as a practical one, of forcing the whole manufacture into factories. It would be a great deal better if it could be done, but it is not yet possible. The thing that he wishes to direct attention to is the taking of certain practical steps, such as have already been taken in Massachusetts. Simply to make it possible for any responsible person to find where any particular manufacturer or contractor has his goods made would be an immense gain. There would be another great gain in the introduction of thorough inspection such as prevails in Massachusetts. A woman who wishes to do work at home for the market must go to the inspector's office and get a permit. An inspector is sent to make an examination, and work is not permitted to be done there unless the home meets the sanitary conditions. (180-185.)

Mr. Brooks admits that if vigorous action were taken in doing away with the sweat shop there might be cases of hardship. The evidence indicates that as the workers drift into factory conditions they get better wages and better hours; but there might be left certain cases of helplessness in the home which would be unfitted to go into the factory. These would have to be taken care of in some other way; but it would be infinitely better even for them. Thousands of them are supported, even now, half by their wages and half by charity. The demands of this residuum upon charitable relief would be distinctly less in the aggregate than the demands that are now made by sweat-shop workers for charitable eking out of their wages. (182.)

Mr. MILLIGAN says that it would be better if all clothing manufacture in sweat shops and in homes could be forbidden by law, and if the whole of such work could be forced into proper shops and factories. Yet he thinks that under proper supervision clothing could be manufactured in homes without any danger of disease or injury to the buyer. To forbid home work would bring hardship on many worthy and deserving widows, who have their children to look after, and who must earn a living for their children and for themselves. The question is whether this large class of good people should be compelled to suffer because of the indifference and want of thought and cleanliness of others. An increase of the inspecting force and more frequent visits of inspection might improve the sanitary conditions under which home work is done. Yet Mr. Milligan admits that supervision over some of the homes of the sweat-shop workers "would amount to nothing unless they could be, after years, educated to a sense of cleanliness." (255, 256.)

Mr. REYNOLDS does not think that the law can directly regulate wages in the sweat shops or elsewhere. He does believe that it is possible to put the work that is now done in sweat shops into factories, and to improve the conditions under which it is done. When the condition of the workers is improved they will more readily combine in their own interest; they will be able to do in the matter of wages what the law itself can not do. (84, 90.)

Mr. Reynolds says that it is doubtless true that the Massachusetts inspection has in some degree driven the sweat shops from Boston to New York, and that a similar enforcement of the law in New York may drive them to New Jersey. But the fight could then be carried on in New Jersey as it has been in New York, and if all the States could be brought to act in harmony there would be a uniform elevation of conditions. Mr. Reynolds does not admit that the objection that the abolition of the sweat shop would throw the workers out of employment has any validity. The garments have to be made, and if the law prevents the making of them under bad conditions, they will be made in factories under good conditions, and substantially the same number of workers will be employed. Even when a single State abolishes the sweat shop, its position in comparison with other States is not altogether disadvantageous. Massachusetts goods have come to be worth about 10 per cent more than New York goods, because it is felt that the Massachusetts goods are more likely to be made under sanitary conditions. The Massachusetts garment maker, however, often sends his goods to New York to be made, and then brings them back and sends them out under a Massachusetts label. (86, 90, 91.)

Mr. LAPPIN says that a law which should prohibit work in homes or in places used as sleeping apartments would work hardship on a few, but would benefit the great majority of the workers and would on the whole be most beneficial to labor. (251.)

2. *National legislation.*—Mr. Lappin says that national legislation is needed to

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deal with sweat shops. The laws of New Jersey on this matter are much less strict than those of Pennsylvania. The result is that Philadelphia clothing dealers send their goods over to Camden or other places in southern New Jersey, where they are made up without any regard to the sanitary regulations or other restrictions which would be imposed by the Pennsylvania law. Many goods are also sent into Pennsylvania from New York City. (250, 251.)

Mr. MILLIGAN says that it has been suggested that Congress might put a tax on each shop used for the manufacture of clothing, and in connection with this tax make regulations governing the shops, making health and cleanliness the paramount condition. It might make the tax so large that the vile places and conditions that exist could not endure it. Mr. Milligan considers that it is perhaps a matter which the States rather than the National Government should take hold of, since these conditions prevail only in certain parts of the country. (254.)

3. *Restriction of immigration.*—Mr. LAPPIN says that proper restriction of immigration would diminish the evils of the sweat shops. There are now very few English speaking shops in Philadelphia. The people that work in such places are principally Russians, with a considerable number of Italians. Many people of tender years who are brought over by their relatives or others work in such places. (250.)

F. The sweat shop and the consumer.—*Consumers' League.*—Mr. Brooks says that the Consumers' League was established first in New York. There are now 23 leagues, and a national organization has been adopted. The League tries to find, by careful investigation, places where garments of all sorts are made under proper conditions. It provides a label, called the consumers' label, to be attached to garments which are made under conditions that it approves. It asks the retail stores to offer these garments to its customers. (120, 137.)

Mrs. SYMONDS says that the label of the Consumers' League is applied only to women's garments. It is a guaranty that the goods on which it appears were made under fair conditions. Several large stores in Philadelphia have been induced to handle goods which bear it. Another part of the work of the League is to secure fair conditions for the salespeople, especially the saleswomen, in stores. The League has a white list, on which it puts the names of firms which provide seats for their employees, and fulfill certain other conditions. (264, 265.)

XXII. BOOT, SHOE, AND LEATHER TRADES.

A. Development of boot and shoe manufacture.—1. *Generally.*—Mr. CHARLES H. McDERMOTT, editor of the Boot and Shoe Recorder, says that the first radical change from the old hand methods in the manufacture of boots and shoes came in 1860 when the McKay sewing machine for sewing soles to uppers was invented and put into use. Later other machines were invented which led to a further development of the factory system. In 1877 the Goodyear machine, which imitates the hand-work method of sewing shoes, was invented. The result of the machine development and of the introduction of the factory system has been increased shoe production, decrease in cost of production, and improvement of quality. (498, 499.)

Mr. McDermott submits tables compiled from the United States census giving the total production of boots and shoes in the United States for the years 1860, 1870, 1880, and 1890, together with the number of establishments, the capital invested, the number of employees, the wages paid, the material used, the average product per employee, the average wages paid, the value of the product per capita of population and the per cent of materials used in the product. He submits also a table giving similar facts in respect to the boot and shoe industry in New England. (499, 500.)

2. *In New England.*—Mr. McDERMOTT says that the leading position of New England in the production of boots and shoes was shown as early as 1860. According to the census figures of that year 58.6 per cent of the total boot and shoe production of the United States was produced in New England. In 1890 the percentage was 63.4. There are now 1,207 factories in the New England States. There is invested in the industry \$54,000,000, and 86,000 persons employed. Boston is the recognized headquarters of the boot and shoe industry. It is possible that in individual cases boots and shoes are shipped to Boston from cities further west, but that is not the ordinary course of trade. New England probably supplies 60 per cent of the boots and shoes sold in the West. It is hard to say whether the shoe industry is growing more in the remote districts of New England or in the shoe centers. There are changes each way. On the whole the factories established in the country districts have been successful.

The wages in New England are the highest average wages per capita paid anywhere in the country, and the product per man is greater. (498, 499, 501, 502.)

B. Conditions of capital and business.—1. *Employers' organizations.*—(a) *New England Shoe and Leather Association.*—Mr. M'DERMOTT says that the New England Shoe and Leather Association is merely a general association, the object of which is to consider any matters of general interest to shoe manufacturers which may come up. It originally contemplated having a shoe exchange in Boston, but that was given up, and the products of New England shoe factories are sold in individual stores. (508, 509.)

(b) *Boot and Shoe Manufacturers' Association of Philadelphia.*—Mr. CROXTON, president of the Boot and Shoe Manufacturers' Association of Philadelphia, says that that association has at present 18 members. There are four or five small Philadelphia shoe manufacturers who are not connected with it. (321.)

2. *Leather manufacture.*—Mr. M'DERMOTT says that there has been a slight quickening of the process of tanning, but no essential change. The new chemical process is a special process for tanning goat skins, while the bulk of the leather used is hemlock-tanned leather, and in the tannage of that there has been practically no change. A steam tannery does not mean that the tanning is done by steam, but simply that a steam engine is used in the performance of the work. Electricity has, it has been claimed, been used to some extent in tanning, but so far as is known it has not been a commercial success. (508.)

Mr. FOERDERER, a manufacturer of glazed kid, says that though wages in this country are higher than elsewhere, leather can be manufactured here as cheaply as anywhere. Mr. Foerderer believes that this is largely through the substitution of improved and scientific methods for the rule of thumb, by which all tanning was done up to a few years ago. He anticipates that foreign manufacturers will ultimately become as wise as we, and will learn to produce leather as cheaply. (318, 319.)

3. *Import trade in leather.*—Mr. M'DERMOTT says that the imports of leather for 1900 amounted to \$8,196,770; for 1899, \$5,750,987. Imported leather is not in any way superior to domestic leather, but some people want imported leather. Our hemlock-tanned leather is superior to imported leather in wearing quality. On the face of things it would seem as though the cost of boots and shoes made from imported leather would be higher because of the duty on leather. As a matter of fact, however, when the duty on French calf-skins was reduced, the French prices advanced by the amount of the reduction. (507, 508.)

4. *Export trade in leather.*—Mr. M'DERMOTT says that our exports of leather have increased considerably during the last 3 years, the exports for 1900 amounting to \$21,297,539. The new chemical process of tannage has tended to increase exportation of goatskins, but not to any great extent, because we need all the goatskins we can get for our own trade. There has been a very large increase in recent years in this country in the use of goatskins. (507.)

5. *Glazed kid.*—Mr. FOERDERER says that he began in 1878 to experiment, trying to produce a leather which should take the place of the imported French kid. For 10 years he made little progress, but in 1889 he succeeded in perfecting a process by which he produced a leather which is superior to the imported article, and which has not only driven French kid out of our own market, but rivals it in France. Mr. Foerderer sells half his product in foreign countries. While Mr. Foerderer considers himself the originator of this process, it is true that the same process was patented in 1884, and that Mr. Foerderer thought it advisable to buy the right to manufacture under this patent rather than to undertake litigation. The name of *vici kid* is Mr. Foerderer's own trade-mark, which he adopted when he had perfected his process. The glazed kid is made from goatskins which are imported from all parts of the world. India is probably the principal producing country, and Arabia the next. Skins are brought from China, South America, and all parts of the world outside of the United States; practically none are produced here. They come from countries where the goats are kept for milking and for meat, as cattle are kept here. Mr. Foerderer has started a little ranch in New Mexico to learn whether goats can be profitably kept there in herds. There is at present a great scarcity of goatskins, and the price of them has risen so that the tanning of them is not at present profitable. The price of the finished product has not gone up proportionately. Sheepskins have been to some extent substituted for goatskins and tanned by the same process. The process is applicable to all kinds of leather except sole leather. The product is superior to the old French kid in possessing a greater ability to bear exposure to weather. Water makes French kid hard and tinney; it does not affect the glazed kid so. The process which Mr. Foerderer uses is being introduced into France and Germany.

Mr. Foerderer supposes his establishment to be the largest of its kind in the world. He has about \$6,000,000 invested in the business, employs about 2,500 hands, and manufactures about 3,000 dozen skins a day. The other manufacturers in the same line are mostly in Philadelphia and Wilmington, though

there are some in Massachusetts. Mr. Foerderer believes that the city of Philadelphia is particularly favorable for the manufacture on account of the character of its water. The same results do not seem to be obtained with the same skins in New England as are obtained in Philadelphia. No leather but glazed kid is produced at Philadelphia. Patent leather is made principally in Newark, and glove leather at Gloversville.

The introduction of the mineral leather process has resulted in a great lowering of prices. The price of Mr. Foerderer's product at present is from 20 to 25 cents a square foot. The French kid which it replaces sold for from 60 to 70 cents a foot. The new leather has come into use for men's wear during the last 3 years. Before that it was used only for children's and women's shoes. (315, 320.)

Mr. SCHÖBER, a shoe manufacturer, says that for his use glazed kid has almost entirely replaced French kid. He considers the American product superior in finish and durability. His sole leather is made from American hides, oak tanned. (345.)

6. *Effect of machinery on shoe manufacture.*—Mr. ELMER P. HOWE, member of the executive committee of the United Shoe Machinery Company, says that the introduction of the Goodyear machinery practically revolutionized the fine-shoe manufacture of the country. There is no occasion to-day for having shoes made to order. Shoes which contain just as good materials and which are just as well made as the custom-made shoes, for which high prices were paid 10 years ago, can now be bought for \$5 or \$6 a pair, and shoes good enough for anybody to wear can be purchased for \$3.50 and \$4. Good shoes are sold as low as \$1.75 and \$2 per pair. The cheapness in cost of production has led the manufacturers to carry in stock a wide range of styles and sizes, so that almost any shoe store can give a customer a better fit than the average custom shoe manufacturer used to give him. The introduction of machinery has brought about an almost infinite subdivision of labor in the production of a shoe. In the larger manufactories each operative does some particular part only, in which he or she becomes very skillful. (486, 487.)

Mr. M'DERMOTT says that shoes are very much cheaper to-day than they were 10 years ago. This is due almost wholly to the introduction of machinery. Machine-made shoes are made of just the same material as that of which hand-made shoes were made and they wear practically as well. (505.)

Mr. COLLINS, a shoe laster, says that in the factory where he works, which makes a very high grade of shoes, one-half or one-third of the shoes, at least on his floor, are made entirely by hand. (307, 308.)

7. *Superiority of American shoes.*—Mr. SCHÖBER says that his firm employs designers continually to get up styles in order to make trade. The American manufacturers lead the world in shoe styles. French shoes look well but they do not wear. "The American shoe combines the grace and beauty of the French shoe with the stability of the English shoe, without the clumsiness which that has." There is a prejudice in England against American goods which is hard to overcome. The sizes sent abroad are about the same as those sold here, except that no foreign country takes so many of the narrow widths as our own market. (344.)

8. *Army contracts.*—Mr. GOODWIN, a laster, complains of the letting of army contracts for shoes to merchants, and the resultant subletting. He complains especially of Mr. John Wanamaker and of his methods of subletting such contracts. He believes that no one should be allowed to take an army contract unless he is prepared to execute it himself. (298, 299.)

Mr. MUNDELL, a shoe manufacturer, who has taken army contracts both directly from the Government and as a subcontractor for department-store dealers, defends the intervention of such merchants. He says that they advance money to handle a large contract which the actual manufacturer might not be able to carry for lack of funds. He has been very glad to have a contract carried for him in this way. He thinks the Philadelphia manufacturers have got about one-fourth of the whole amount of shoe contracts given out by the Quartermaster-General. About one-fourth has gone to a Chicago and about one-fourth to a Maine establishment. (342.)

9. *Competition.*—Mr. M'DERMOTT says that there is active competition in the boot and shoe manufacturing industry, and that there is no agreement whatever among manufacturers in respect to output or prices or wages. The competition is so sharp that it requires great care to make a success. (508.)

Mr. M'Dermott says that the concerns engaged in this country in the manufacturing of boots and shoes are not generally incorporated companies, though the incorporating idea is growing. The employment of larger capital would probably reduce the cost of production to some extent. Still there is so large and so wide a variation in the product of shoes that larger capitalization would not have so very great an effect. Larger capitalization would probably help to increase foreign trade, as it would permit the giving of longer credits. (506.)

10. *Export trade in boots and shoes.*—Mr. M'Dermott states that previous to 1890 our exports of boots and shoes were about \$500,000 or \$600,000 a year. From

that time on there was a gradual increase until the exports in 1897 were \$1,688,649. During the last three years the increase has been very marked, the exports for 1898 being \$1,944,428, for 1899, \$3,668,435, and for 1900, \$4,626,256. The position now secured in the foreign markets is likely to be strengthened in the near future. While it is true that there have been large exports of shoe machinery to foreign countries, nevertheless it will take time for the foreign producers to acquire efficiency in handling the machines.

The principal foreign markets for American-made shoes are Great Britain, Australia, the West Indies, Canada, Mexico, and Central America. Mr. M'Dermott submits a table showing the exports of boots and shoes to other countries during the years from 1897 to 1900. The table shows that there has been a steady gain in most cases. The gain is due, in Mr. M'Dermott's opinion, to the fact that American manufacturers have made more of an effort to push foreign trade than they made in past years. The growth of Western competition, especially, has made it more difficult to sell shoes in the West, and Eastern manufacturers are more willing to look abroad. The tendency is to export the better grades of shoes. (499, 500, 501, 502.)

Mr. M'Dermott says that boots and shoes are sold for export at practically the same prices at which they are sold in this country. American shoes are sold at better prices abroad than they are in this country, because the shoes sold are fashionable fads, so to speak. (503.)

Mr. SCHÖBER says that his firm made its first exports in 1874, to Honolulu. In 1878 Mr. Schöber went through Cuba and the West Indies and worked up quite a trade in those countries, mostly in Cuba. The Cuban trade was held until the rebellion; since that the firm has sent only about \$9,000 worth there. There is no market there now for fine shoes, and Mr. Schöber's firm makes nothing but high-priced goods. The average price of its whole output, including infants' shoes at \$9, is \$34 and some cents a dozen. Special styles are made for the Cuban trade, but for other countries the styles are about the same as for America. The packing is also the same as for the domestic trade. If there is to be a long sea voyage, as to Australia, the cases must be lined to keep out the dampness. About 20 per cent of Mr. Schöber's present output goes abroad. (848.)

Mr. Schöber says that his profits on goods sent abroad are about the same as on goods sold at home. When a duty has to be paid, as in France, "we pay the duty and we add the duty to the price, and we get just as much profit, and we get a profit on the duty because it is part of the cost of the shoe." (843, 844.)

Mr. CROXTON thinks that only two shoe manufacturers in Philadelphia make goods for export. These goods are of very high grade. (832.)

11. *Tariff on hides.*—Mr. M'DERMOTT says that the shoe manufacturers generally regard the duty on hides as a handicap, but in his opinion they exaggerate its effect. The importation of hides is relatively small compared with the total production of this country, the domestic hide production being approximately 90 per cent of the total amount used. Hides have advanced in price, but that is easily accounted for by the great decrease which there was in the domestic supply and by the return of general prosperity. The advance in price was in some cases 100 per cent, while the tariff duty is only 15 per cent. In 1872, when the 10 per cent duty on hides was removed, the price of imported hides advanced by the amount of the duty. It is incorrect to attribute the increase in the price of leather to the placing of a tariff on hides. In any case the percentage of increase in the price of leather would be only one-half the rate of the duty on hides, because the cost of the hide represents approximately only one-half the cost of the leather. The leather in the shoe represents, roughly, only one-third of the value of the shoe, so that by the time the shoe gets to the shoe dealer, assuming that the duty on hides increases the cost, the percentage of increase would be only one-sixth of the rate of the duty on the hide used in the manufacture of the shoe. There has been a general decline in the price of shoes since the duty on hides was imposed. The sentiment in favor of a change in the hide tariff is not so pronounced as it was at first. It was predicted that there would be absolutely no possibility of exporting leather, but as a matter of fact the exportations, both of leather and of boots and shoes, have increased. (506, 507, 509.)

Mr. M'Dermott says that the drawback on reexported hides is a premium to the foreign shoe manufacturer. If the manufacturer here buys the leather made out of the imported hides he does not get any drawback. The drawback is an advantage, however, to the manufacturers of leather. (507.)

Mr. SCHÖBER says that the duty on hides handicaps the export trade a little, though not very seriously; he does not find it an obstacle. He gets a drawback on imported stock that goes into exported goods, but the sole leather is made of domestic hides and there is no drawback on it. "The foreign manufacturer can

buy sole leather in this country 5 per cent cheaper than we can buy it. * * * It is on account of the duty on hides and the rebates." (343.)

12. *Tariff on boots and shoes.*—Mr. M'DERMOTT says that the tariff on boots and shoes has practically no effect on the boot and shoe industry. There has been practically no importations of boots and shoes since the development of the McKay machines. There is a very decided advantage, however, in keeping the tariff on boots and shoes because the time is liable to come when there will be dangerous foreign competition. Canada is now beginning to use shoe machinery largely; Germany, France, and Switzerland are fully equipped with the best machinery. They have a great advantage in the price of labor, and it would be comparatively easy for them to go in for specialties of some kind and to get an opening in this market. (506.)

Mr. M'Dermott says that although the boot and shoe industry would not be affected directly by a revision of the tariff, yet, at the same time, if the removal of the tariff affected other industries, it would have an indirect effect on the boot and shoe industry, as it did in 1894 and 189 . (509.)

Mr. Schober considers the tariff on shoes to be without any effect either good or bad. No foreign shoes could be sold here if there was no tariff, and the American manufacturers sell their shoes in Paris with a tariff 25 per cent against them. Mr. Schober has no fear of any foreign competition, even through the adoption of American machinery. Foreign workmen have not the intelligence to use our machinery. In England the trade unions will not let more than a certain amount of work be done on machines. Even of the Japanese, in spite of their quickness at machine work, Mr. Schober has no fear. He declares that when the Japanese get our machinery and our ways, they will want our wages; and so will any other country where the workmen learn to be as productive as our workmen. (348, 344.)

C. Labor organizations.—1. *Central Convention of Shoe Workers.*—Mr. GOODWIN, a shoe laster, who has worked in the shoe industry for about 17 years, the most of the time in the vicinity of Philadelphia, says that in the fall of 1887 there was trouble between the manufacturers and the employees, and that after a lockout of 5 weeks, the organization known as the Central Convention of Shoe Workers' was formed through the activity of the manufacturers and some of the employees. This organization does not represent the shoe workers. It is not a bona fide labor organization. It has no definite membership. The workers in each factory are supposed to meet and elect delegates, in proportion to their number, to the Central Convention. The witness has never seen this procedure actually followed. When a vacancy occurs, a dozen persons may come together and elect a delegate, but in some cases the delegate seems to be chosen by the manufacturer. Mr. Goodwin submitted the following as a copy of the credentials brought by one delegate to the convention: "J. O'Connell is no longer in our employ. The bearer, Mr. Davis, will act as the representative of our shop. Kindly let us know how much we owe. Yours, truly, P. T. Hallehan." Mr. Hallehan was a shoe manufacturer. The witness says that it has been asserted that Mr. H. L. Townsend, a manufacturer, and secretary of the Manufacturers' Association, has sent credentials similar to Mr. Hallehan's. Mr. Goodwin also mentions an instance in which a person elected a delegate to the Central Convention retired from the position on being informed by his employer that the employer desired another person to serve as delegate for his shop; and he says, it is asserted, that when Mr. A. P. Super was defeated, as a candidate for the position of delegate, the man who defeated him was discharged, and Mr. Super was then chosen in his place. Mr. Super is now president of the Central Convention. So far as the Central Convention of Shoe Workers' may be said to have a membership at all, membership in it is compulsory. That is, work is refused, at least in a large part of the factories, to all who will not agree to renounce all allegiance to any voluntary organization, and agree to submit to the rules of the Manufacturer's Association, which have been assented to by the Central Convention of Shoe Workers'. This compulsory method is not used, however, in the factory in which Mr. Goodwin works.

Mr. Goodwin asserts that besides the exercise of the influence of the manufacturers in selecting delegates to the Central Convention of Shoe Workers, there is a further exercise of pressure to affect their conduct while they sit as delegates. He declares that a person now employed as foreman in one of the shops, while sitting as a delegate, voted in favor of the workman in a case which came before the body. On returning to the factory he was discharged. He answered various advertisements for positions, but after being asked by manufacturers what his name was, where he had last worked, and other questions, he was told that there was no employment for him. After spending three weeks in looking for a position, he returned to his old employer and asked why he was victimized. He

was told that he could come back to his old position if he would conduct himself in the future to the satisfaction of his employers. He has since worked there (290-294.)

Mr. CROXTON says that the Central Convention of Shoe Workers is composed of delegates elected by the work people of each factory. The number of delegates assigned to each factory depends upon its size. The dues are 1 cent a month. The dues have been collected in various ways; sometimes by shop committees. In one shop, the employees appointed one of the members of the firm treasurer of the shop association and authorized him to levy assessments, 10 cents at a time. Mr. Croxton admits that the manufacturers substantially compelled their employees to be members of the Convention. No one is employed unless he agrees to work under the rules of the joint board of arbitration, and if he accepts employment under the rules he becomes a member of the Central Convention. (323, 327.)

Alluding to the allegation of influence by the manufacturers in the selection of delegates, Mr. Croxton declares that in his own factory the work people "have full and complete control. There never is a member of the firm present that has any influence in the selection of representatives to the Central Convention." (323.)

Mr. SUPER, president of the Central Convention of Shoe Workers, says that in general there is a shop organization in each factory belonging to a member of the Manufacturers' Association. The shop organization has a president, a vice-president, a secretary, a treasurer, and a grievance committee. If there is a disagreement between the firm and the workers in any branch it is referred to the grievance committee. If the grievance committee can not settle it, it is referred in writing by the aggrieved party to the central joint board of arbitration.

By the constitution of the Central Convention each shop is entitled to 1 delegate in it for every 100 employees in the factory over 18 years of age, or fractional part of 100. "There is no per capita tax levied on anyone under 18." The shop organization in each factory meets once a year to elect officers and delegates to the Central Convention. (336.)

Mr. Super says that the convention does not participate in the celebration of Labor Day; the members habitually work on that day. The convention has not taken any action looking to the shortening of the hours of labor. It does not belong to the Central Labor Union of Philadelphia or to the American Federation of Labor, and has not applied for membership. (338.)

Mr. MUNDELL can speak only in praise of the Central Convention of Shoe Workers and the agreement between it and the Manufacturers' Association. It has kept his employees at work 13 or 14 years without any contest. (340.)

2. *Lasters' Protective Union.*—Mr. GOODWIN says that he belongs to the Lasters' Protective Union, a national body. The local branch in Philadelphia has existed since February, 1900. Two previous attempts had been made to start it, but it had been crushed out by the power of the Manufacturers' Association, "its officers being discharged and such a threat kept hanging over their heads that men were afraid to belong." (301, 302.)

Mr. Goodwin declares that conditions in the Philadelphia shoe factories are deplorable, and that the only hope of improvement lies in the formation of a "legitimate trade union," so that the workers can "be represented by business agents or a committee for the purpose of arbitrating difficulties." In order that cheap shops in one city may not depress wages in others it is necessary that the trade union be a national body, which shall make prices uniform everywhere. (302, 303.)

3. *Cutters' Association.*—Mr. CROXTON says that there is a cutters' union among the Philadelphia shoe workers, which he supposes to have been in existence for years. The manufacturers do not object to it because it does not interfere with their business. The manufacturers would not deal with any labor organization except the Central Convention of Shoe Workers. "Any manufacturer who recognizes an outside body is subject to a fine." (324, 325.)

Mr. WILKINS, a shoe finisher, refers to the existence of the Cutters' Association, and says it has never made any trouble. The lasters have made trouble three times, but hardly as an organization before the strike of 1900. On the earlier occasions they acted as individuals. (347.)

4. *Attitude of employers.*—Mr. GOODWIN declares that the second of the rules of the Manufacturers' Association of Philadelphia, which is as follows: "Employers or employees must not discriminate for or against any individual because he or she is or is not a member of any organization," is violated by the manufacturers. He asserts that the president of the Lasters' Protective Union was discharged because of his activity in the organization. He admits that this can not be legally established, but says that a foreman of one of the factories told a committee that the man in question was discharged by the order of the Manufacturers' Association, against the wishes of his own employer. A letter from the discharged man

himself is presented, in which it is said that he was discharged nominally for poor work, but that the foreman who discharged him intimated his regret at doing it, and that the member of the firm to whom he appealed was not able to point out any instance of bad work on his part, and though he at first refused him a letter of recommendation, ultimately gave him one commending his workmanship. (293-295.)

Mr. Goodwin says that the lasters in one of the Philadelphia shoe factories refused to abide by the rules of the Manufacturers' Association and the Central Convention of Shoe Workers, and quit work in a body. The Manufacturers' Association thereupon resolved that until this factory got its required number of lasters no additional male help would be employed by any other member of the association. This action was justified on the part of the association on the ground that "the right to employ or not to employ, to discharge or not to discharge are prerogatives essential to the intelligent direction of any business, especially shoe manufacturing, and provided for in our joint rules. * * * When the members of the Lasters' Protective Association of America publicly declared their antagonism to our joint rules and repelled any arbitration or procedure which would recognize the right of the employer or our joint organization: when they sought to destroy and render invalid all contracts in force, the most stringent measures that will remedy these conditions became necessary." (293, 295.)

Referring to the rule of the Philadelphia Shoe Manufacturers' Association that "employers or employees must not discriminate for or against any individual because he or she is or is not a member of any organization," Mr. CROXTON explains that in joining a labor organization, such as the Lasters' Protective Union, a man pledges himself to strike if he is ordered to strike. On the other hand, one who accepts work under the Philadelphia rules binds himself not to strike. This does, in substance, exclude striking organizations. (327.)

D. Relations of employers and employees.—1. *New England, generally.*—Mr. McDERMOTT says that, generally speaking, the relations between employers and employees in the shoe manufacturing industry in New England are very satisfactory. The workmen are well organized, and the organization seems to be well managed and conciliatory in its methods. (504.)

2. *Philadelphia, generally.*—Mr. WILKINS, a shoe finisher of Philadelphia, says: "There is more freedom in the shoe factories than there is in other trades, I believe. There seems to be more of the family affair. The manufacturer and the employees are closer; they mingle with one another; they give excursions to Atlantic City, and all hands go along, manufacturers as well as employees. The manufacturers even send their employees down." There are people who imagine that they are not getting proper treatment, but Mr. Wilkins has noticed that when such people have gone to the central convention, and have become acquainted with the rules, they have changed their ideas and have become good men there and in the joint board of arbitration. (847.)

Mr. COLLINS, a shoe laster of Philadelphia, cites an experience of his own as illustrating the position of the workers in the Philadelphia shoe factories. He says that the lasters in the factory where he works did not participate in the strike of 1900. Instead, they made out a bill of prices, signed by every man in the department, and presented it to the firm. They hoped that the firm would appreciate this peaceable method of procedure. The firm would not even receive the bill, and under pressure it was withdrawn. "It was known that any man who insisted it should go before the board would be discharged." (806.)

Referring to the statement of Mr. Collins that the lasters and jackers in the factory where he works presented a request for an advance, and the firm refused to give it attention, Mr. CROXTON asserts that, by the customs of the industry in Philadelphia, if the firm paid no attention to a bill of prices presented by the men, it would be under obligation to pay the prices demanded, beginning on the 1st of the following November. If the firm does not wish to pay the bill, it is its duty to bring the matter at once before the joint board of arbitration. "If an advance is asked, and there is no answer made to it before the first joint board of arbitration, * * * the bill stands, and there never has been a time when it has been gone back on." Therefore, if a firm "had had a bill put in to them for an advance on turns, and they made no reply to it, they would have been paid for during the following year at the price that was asked by the men that put in that bill." (336, 336.)

Mr. CROXTON says that on the first Saturday of August in every year all the associated factories are closed and the Central Convention of Shoe Workers has an excursion to Atlantic City. Most of the factories buy tickets for their people, and usually as many of the manufacturers themselves go as are able. (324.)

3. *Strikes.*—Mr. MUNDELL says that the strike of the lasters in his factory in

1900 was begun by the presentation of a demand for an immediate increase of wages. This was refused, though he offered to leave the matter to the joint board of arbitration of the Manufacturers' Association and the Central Convention of Shoe Workers. After several weeks of idleness the men came back at the old rate, but with an agreement for an increase to take effect December 1, the regular time for changes of wages. (341.)

4. *Blacklisting.*—Mr. GOODWIN declares that a blacklist exists among the shoe manufacturers of Philadelphia. Men who participated in the recent strike or lockout in one of the shops recently got employment with another manufacturer, but were afterwards asked whether they had worked in such and such a shop, and were discharged when they admitted that they had. No complaint was made of their work or of their conduct. A foreman in another factory, discharged, it was believed, because of his vote on a disputed case in the Central Convention of Shoe Workers, found it impossible to get employment. An affidavit was also presented in which it was stated that a member of the Manufacturers' Association had admitted the existence of a blacklist, though he stated at the time that only two names were on it. (293, 297.)

Mr. Goodwin says that at the time of the labor trouble of 1887 in the Philadelphia shoe factories the secretary of the Manufacturers' Association got out a book in which each prominent officer and member of the Knights of Labor was referred to and described in a page or two. Mr. Goodwin got two pages. He was not able to get work for 5 years after it, and he believes that the book was what kept him out of work. (300.)

Mr. CROXTON denies that the Boot and Shoe Manufacturers' Association of Philadelphia has ever sent out a blacklist. It is true that "if you know a man whose character is bad, from drunkenness, from disloyalty, being a disturber of the peace, and he is in your employ and is injuring you in any possible way, you will discharge him. If you know of him before he gets into your employ you will not employ him. * * * But the worthy workmen and some of the most violent opponents of us have had work and have worked straight through." (326.)

Mr. Croxton also says that the Boot and Shoe Manufacturers' Association never passed a resolution directing or suggesting the discharge of a man from any shop in Philadelphia. (326.)

5. *Arbitration and agreements.*—Mr. GOODWIN declares that the Lasters' Protective Union is always desirous of arbitrating differences with employers and has asked the manufacturers to arbitrate their recent dispute, but the manufacturers have refused. The manufacturers declared that they would not receive any committee from a trade union and that all overtures must come through the Central Convention of Shoe Workers. This organization the lasters' union refuses to recognize, because it is a means of coercion on behalf of the manufacturers. (295, 296.)

Mr. Goodwin calls attention to several instances in which it is alleged that the rules framed by the Boot and Shoe Manufacturers' Association itself have been violated by its own members. One rule provides that any desired changes of wages shall be presented on or before October 1, shall take effect December 1, and shall continue in force one year. An instance is given in which wages were reduced in February, and the reduction was enforced in spite of the protest of the Central Convention of Shoe Workers. In another instance, the central convention protested against the discharge of lasters who had had a case before the joint board of arbitration. (296.)

Mr. CROXTON says that the first board of arbitration in the Philadelphia shoe industry was formed about January, 1885. The Knights of Labor were then in control of the industry there. The manufacturers were greatly annoyed by the methods of the Knights, and demanded a joint board of arbitration. This was refused until the demand was enforced by a lockout. A joint board was then formed consisting of seven members appointed by District Assembly No. 70, and seven members from the Shoe Manufacturers' Association, and a fifteenth man to act as president. A set of rules was drawn up and adopted by this joint committee. It provided that none but a Knight of Labor should be permitted to work in any factory of the association. Otherwise it was substantially the same as the rules now in force. The joint board existed nearly three years. Mr. Croxton's view is that it was broken up by agitators, who stirred up trouble in order to increase their own importance and their own gain. In the fall of 1887 they succeeded in starting a strike in one of the factories, contrary to the rule, which provided that there should be no strikes or lockouts. The manufacturers tried to induce the Knights of Labor to control the strikers and have them go back to work according to the agreement. Instead of doing so they caused strikes in all the shops. Mr. Croxton declares that Mr. Goodwin, though he pretended at the time that the strike had been forced by the men contrary to his wishes, was

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really the author of the strike, and carried it against the desires of the most of the shoe workers.

After this the manufacturers declined to treat longer with the Knights of Labor, because the Knights had failed to live up to their contract. They said to the work people that they believed in arbitration and would insist on arbitration, but would have an organization made up of shoe workers alone, without bricklayers and carpenters and other trades. So the shoe workers formed the Central Convention of Shoe Workers and appointed members of a joint board of arbitration. As has been said, the rules adopted are substantially the same as those accepted by the Knights of Labor, except that the restriction upon the employment of nonunion men is removed. All questions that have since arisen have been arbitrated, and labor troubles have been eliminated from the Philadelphia shoe industry. (321-323, 328.)

Mr. Croxton declares that if the manufacturers were free they could in times of depression meet competition and get wages lower than they have got them. "He would get more out of it to fight and take advantage of people than he can under our system." But the manufacturers feel that they are doing the fair thing. (332.)

Referring to the statement that the Philadelphia Lasters' Union had asked the manufacturers to arbitrate and had been refused, Mr. Croxton says that the shoe manufacturers can not arbitrate with the workers in any single branch because of the methods of organization of the factories. The work is done by what is called a string team, so organized that each piece of work passes successively from one hand to another. At the same time, Mr. Croxton admits that the manufacturers deal with each branch as a branch in fixing the bill of wages. They even insist on doing so. In spite of this he says: "We can not deal with them so far as strikes and arbitration is concerned as a branch separately." (325.)

Referring to the instance mentioned by Mr. Goodwin, where certain wages had been reduced at a time other than that fixed by the joint rules, Mr. Croxton says that the rules of the joint board of arbitration permit changes "between seasons" when the change is signed by the manufacturer and by every employee in the branch affected, and goes before the joint board of arbitration and is approved. Changes have been made in that way during the last 13 years, both up and down. For instance, when the textile works, at certain seasons of the year, have drawn away the work people, it has been necessary to raise wages temporarily. On the other hand, at a dull time, Mr. Croxton had an opportunity to get certain work, case work for a jobber, if he could make it at a certain price. He was able to do the work if the workmen accepted a reduction of wages. He made the proposition, and it was accepted. (329.)

The following statement of the results of arbitration in cases considered by the joint board of arbitration was presented by Mr. TOWNSEND: (348.)

Chronological record of the Joint Board of Arbitration of the Shoe Manufacturers' Association and Central Convention of Shoe Workers from January 4, 1888, to September 4, 1900, inclusive.

Cases presented to the board for adjustment	69
Settled favoring the employee	38
Settled favoring the employer	3
Rejected under the rules	6
Withdrawn and settled by employer and employee	22

Mr. COLLINS declares that the workers in the Philadelphia shoe industry have no faith in the joint board of arbitration and no hope of justice from it. He knows this from his own observation and from conversation with his shop mates. The men who are supposed to represent the workers on the board are the creatures of the employers. They are mostly men without character, and, as a rule, are not good workmen. They receive favors in the factories for the services they render on the board. (306.)

Mr. MORRELL, a foreman, in Zeigler Brothers' factory, states that he never knew any workman to be victimized for serving on a shop committee to present grievances to the manufacturers. (340.)

Mr. WILKINS says that he has taken a prominent part in the Central Convention ever since it was organized. He was president of it for 4 years, and was a member of the joint board for 10 years. He does not remember any case which he does not think to have been settled fairly and squarely. He never knew of any cases of victimization brought before the joint board. The employees are far better off under the present system than under the old. Under the Knights of Labor he has been on strike 3 times in 1 week. (346, 347.)

Mr. SUPRZ says that he was president of the Central Convention of Shoe Workers for 3 years in its early days and is president at present. He has been a member of the joint board of arbitration continuously since the Central Convention

was established, except 1 year. Mr. Super asserts that the cases that have come before the board have been honestly and fairly adjusted. He denies that the manufacturers express their wishes as to the decisions that shall be rendered. "I know that I was never dictated to, and I have seen it stated in the papers that I was." He declares that he has never known a case in which a workman was discharged for presenting a grievance to an employer. There have been plenty of rumors of such things, but the witness has gone directly to the people that others said were victimized, and they have said they were not. Mr. Super declares positively that the present organization has been far more beneficial to the working people than the "one-sided labor organizations" which have preceded it. (333, 334, 337, 339.)

E. General conditions of labor.—1. *Employment.*—Mr. CROXTON testified that his own factory runs 52 weeks in the year. He was on the point of making the first week's shut down that he had made in 5 years. He works entirely for large department stores. They give large orders far in advance, and he is able to distribute the work evenly throughout the year. Other factories, which make case-lot goods for jobbers at such close prices that they must run full or lose money, may shut down a month each year. (329-331.)

2. *Machinery.*—Mr. McDERMOTT says that since the introduction of machinery fewer persons are employed proportionately to the number of shoes made, but the number of employees is probably as large, because of the greater production which has been due to the increased use of machinery. There has been displacement at particular points, but on the whole there has been a larger demand for labor, due to the cheapening of the product. Hours of labor have been shortened through the introduction of machinery. Under the old hand-work system there was no time limit. A man simply worked as long as he could. (502, 505.)

Mr. GOODWIN says that machinery introduced into the lasting department during the last 10 years, has probably displaced 20 per cent of the lasters. The machinery must be run by an expert laster, and another must prepare the work; but two men with the machine do the work that formerly required three. The machinery is used on all kinds of shoes except those made with the Goodyear machine. It is generally applied in the trade. (298, 302.)

3. *Wages.*—Mr. McDERMOTT says that in 1860 the average yearly wages paid in the boot and shoe industry were \$251.47; in 1870, \$250.23; in 1880, \$387.31; in 1890, \$476.87. The wages paid in Europe are less than half the wages paid in this country. (504.)

Mr. CROXTON says that it is impossible to make general comparisons of wages in the shoe industry at different times. The most of the lasting is done much cheaper than it was done 10 years ago. That is because machines, which cost \$500 apiece, have been introduced. But Mr. Croxton believes that workmen make about the same as formerly. When the strike of the lasters came on, Mr. Croxton corresponded "with the best shoe factories making the same kind of goods in New England, New York, and Ohio, and got their bills of wages, to see if there was any reason for the complaint." He found that no factory paid higher wages than his and many paid lower.

Mr. Croxton does not think that the wages of lasters in his factory vary more than a dollar or two from week to week. In some other factories the variation would be greater. (328, 329, 331.)

Mr. SCHOBBER, whose factory was spoken of by Mr. Croxton as paying far higher wages than any other shoe factory about Philadelphia, says that the average wages of his men (including boys at \$3 a week), as shown in his last report to the State, were a little over \$15 a week. The average wages of the girls were \$6.40; but that includes about 30 girls engaged in cleaning and the like at from \$3 to \$4 a week. (346.)

Mr. MUNDELL, who does work for the Government and also makes children's shoes in large quantities for jobbers, says that his piece prices are necessarily smaller than those of manufacturers who cut 6 or 12 or 24 pairs at a time. In doing large quantities of work exactly alike, however, the men attain great quickness. From this cause, though piece prices on Government work, for instance, are low, the actual earnings of the lasters are about the same as on other work. The week before Mr. Mundell testified he employed 67 lasters; their total wages were \$615.70, and their average wages \$9.19. The highest payment was \$20.30 and the lowest was \$4.10. This low wage was made by an old man who is no longer able to accomplish much, but is allowed to come and do what he can. The average wage of all the lasters together, taking a considerable number of weeks, has been \$10.04. The highest amount made by one man in one week was \$22.95. (340, 342.)

Mr. Mundell states that some years ago he was paying his cutters by the week, from \$12 to \$15, according to their quickness. The work was costing him nearly 5 cents per piece. He wanted to put the cutters on a piece price, and offered them 3½ cents. They demanded 4. He told them that if they would work a few weeks at 3½ he

would then take the matter before the joint board of arbitration. During the trial weeks some of the men made \$22 and \$23, and the average was about \$17. The board decided against the men, "as the wages were sufficient, or the piece price was about as high as I could afford to pay." (341.)

Mr. GOODWIN says that in lasting all the work is done by piecework and that piecework is the general practice in the shoe trade. However, the rules of the Shoe Manufacturers' Association allow a manufacturer to change his system from piecework to day work, or vice versa, as he pleases. This rule is capable of being used to effect reductions of wages. Mr. Goodwin believes that the piece prices are about the same in Philadelphia as in New England, but the hands are kept better employed in New England, so that the actual earnings are greater. (297, 301, 302.)

Mr. Goodwin says that for a shoe for which 10 cents was paid to the laster before the introduction of "the present so-called system of arbitration" the laster now gets 5 cents or in some cases less. Machinery for lasting has, however, been introduced during the last 10 years which enables 2 men to do the work of 3. Wages have gone steadily downward, but on December 1, 1900, just before Mr. Goodwin's testimony, the lasters got an advance of about 20 per cent. Mr. Goodwin believes that this was a result of the lasters' strike. The advance did not affect any other branch of the industry. (297, 298.)

Mr. Goodwin says that the average wages of lasters, adult males, in Philadelphia, are less than \$5 a week for the 52 weeks of the year. They work about 50 weeks. Mr. Goodwin himself has formerly earned as much as \$22 a week, and during 1900 he has drawn about \$18.75 for 1 week's wage, working 60 hours, but in some factories the lasters come out with \$2.75 or \$3. One great reason of these low wages is that the work is not constant. A man has to be in the factory all the time, but he may have to wait 2 or 3 hours a day. Mr. Goodwin admits that his statement of average wages is not based on any computation of his own; it is a statement that has been made to him by others. (302.)

Mr. TOWNSEND, secretary of the executive board of the Shoe Manufacturers' Association of Philadelphia, says that he inquired of one manufacturer who makes a cheap line of goods and employs lasters perhaps as steadily as any factory in the city, and is assured that his slow lasters earn from \$7 to \$10 a week and the quicker ones from \$12 to \$18. (348.)

Mr. SUPER, who is a McKay operator, says that he has made \$15 and \$18 a week, and even as much as \$22 and \$23. The prices for misses' and children's shoes vary with the grade. For women's shoes the operators in the factory where he works get three-fourths of a cent a pair. He can do on the average about 450 pairs a day; he generally does from 2,300 to 2,500 pairs a week. He considers himself an average operator. He has worked beside a man who could do 800 pairs a day. As to the wages of lasters, he knows that some make very good wages and some make very small wages. Lasters have told him that they made \$15 and \$16 a week. It is hard to make comparisons of piecework prices between different shops because the systems of work are different. (334, 335.)

Mr. Super offers a partial explanation of the statement that men work at lasting for less than \$5 a week in Philadelphia by saying that men in whose own proper department work is slack are sometimes employed in other departments, where their earnings are small, partly from lack of skill. Thus, a man who had been receiving from \$17 to \$32 as a second laster (paying the jacker out of these amounts) was put on McKay work, and his earnings in three successive weeks were \$4.93, \$4.81, and \$4.79. (335.)

Mr. COLLINS says that there has been no actual reduction in piece prices paid to lasters in the factory where he works. The prices are perhaps a little higher than they were 8 years ago. But the quality of the work has been raised so much that a man can not earn more than half as much as he earned 8 years ago. There are some jobs in the factory where men make very high wages, but they are extremely few. Some operators on the Goodyear machine make about \$35 a week, while men working by the same bench and doing harder work and working longer hours get only \$6 or \$7 a week. In this factory the operators still have the old piece prices of 8 cents and 8½ cents a pair. In most factories they work by the week and get from \$15 to \$30. (307, 308.)

Mr. MORRELL says that the second laster has to pay to the jacker about one-third of the amount which he receives—say, \$11 or \$11.50 out of \$32. (339.)

4. *Hours of labor.*—Mr. SUPER says that the week's work in his factory is 58 hours—10½ hours a day for 5 days and 5½ hours on Saturday. (334, 335.)

5. *Sweating system.*—Mr. GOODWIN says that the sweating system does not exist in the shoe trade, but that substantially all shoes are made in factories. (299.)

6. *American and European workmen compared.*—Mr. McDERMOTT says that the employees in the boot and shoe manufactories of this country do not as individuals

turn out more per man than do the employees in English factories. Men from English factories come here to work and become practically American workmen. American manufacturers have a better system and a better management. The labor unions in Great Britain are very strong and very arbitrary, and if a man begins to push ahead with the idea of earning more he is cautioned and warned and expelled if necessary. Through the system employed in this country and through the use of machinery American manufacturers get a much larger product and utilize labor to a much better advantage than is the case in England. The English manufacturers can use the same machinery if they choose. The advantage to American manufacturers is that the English do not use it. If they followed the same system they would get the same results. (504.)

XXIII. SHOE MACHINERY TRADE.

A. Conditions of capital and business.—1. *United Shoe Machinery Company.*—(a) *Business and control of trade.*—Mr. ELMER P. HOWE, member of the executive committee of the United Shoe Machinery Company, says that that company is engaged in manufacturing and renting shoe machinery to the manufacturers of boots and shoes. Most of the machines which it manufactures are used for attaching the soles of shoes to the uppers. It manufactures some finishing machinery also, but does not manufacture any machinery that is used on the uppers of shoes. The company has not consolidated the manufacture of machines. At the present time it is obliged to purchase all its castings. It expects later to have its own foundry, and through the consolidation of the different manufactures to dispense with the duplication of large and expensive tools. (482, 485, 486.)

Mr. Howe says that while the United Shoe Machinery Company is altogether the largest manufacturer of shoe machinery, and supplies a very large proportion of the shoe machinery used, there are other companies manufacturing similar machinery. The company has a monopoly only to the extent to which it has secured control through its diligence in securing patents and its enterprise in furnishing manufacturers with the best machinery. It would, however, take a new company quite a number of years to reach the efficiency and to afford all the facilities that the United Company affords; but, except so far as patents give the company a control in certain lines, there is no reason why a combination of brains and capital could not obtain the same results.

The company confines its own business to the United States and to Australia, but it controls corporations in other countries and through them controls practically the whole of the manufacturing territory in Europe. (485, 486, 491.)

Mr. McDERMOTT, editor of the *Boot and Shoe Record*, says that the United Shoe Machinery Company has control of practically all machines that it is necessary to use in a factory. The patent on the McKay machine has expired, and the company controls it simply as a matter of business. Some of its other machines it controls through patents. There are other machines in the market which can be utilized in place of the machines of the United Shoe Machinery Company. That company, however, has a complete line of shoe machinery, and it offers to equip the factory from end to end and take care of it all the way through. The Standard Shoe Machinery Company manufactures machines which do practically the same work. (508.)

(b) *Organization and capitalization.*—Mr. HOWE states that the United Shoe Machinery Company was formed without the aid of any so called promoter or banker or outside influence. The directors of the Goodyear Shoe Machinery Company, one of the companies entering into the consolidation, sent a circular letter to the stockholders of the company advising them that the United Shoe Machinery Company had been formed with an authorized capital of \$25,000,000, divided into \$12,500,000 preferred and \$12,500,000 common stock (par value \$25), of which it was proposed to issue \$8,625,000 of preferred stock and \$8,625,000 of common stock for the purchase of all the stock of the companies entering into the combination. The stockholders were also informed that a syndicate had been formed which would take sufficient common and preferred stock in equal amounts at par to pay the floating debts of the several constituent companies and to provide the company with at least a half million dollars in cash as a working capital. Similar circulars were also sent out by the directors of the important constituent companies. In forming the consolidation the stock of each company was taken at a lower price than its stock was selling for in the market. In the case of the Goodyear Company, each holder of 100 shares of the Goodyear stock received 80 shares of preferred and 80 shares of common stock of the United Shoe Machinery Company; Goodyear stock being valued at \$40 per share. Arrangements were made with the American Loan and Trust Company, of Boston, to issue the stock of the United Shoe Machinery Company in exchange for the stocks of the constituent companies

on the terms contained in the circulars. Substantially all of the stock of the constituent companies was exchanged on the basis provided for. The only profit which the syndicate of directors made out of the transaction was the increase in the value of the stock which they subscribed and paid for at par.

Until last year, each corporation which entered into the combination retained its own business, the United Shoe Machinery Company owning substantially all the stock of the several companies. During the last year, all the assignable property has been conveyed to the United Shoe Machinery Company, and it is only a question of time when all the property of every form of the constituent corporations will be absolutely vested in the United Shoe Machinery Company. (484, 485.)

(c) *Reasons for consolidation.*—Mr. HOWE says that the three important companies which united to form the United Shoe Machinery Company were not competitors so far as the bulk of their business was concerned, but from the way in which business was done there was a duplication of expenses. The companies rented their machines, and were obliged to see that the machines were kept in good running condition. Because of this, they established agencies in all the shoe manufacturing centers, at which they had to have a superintendent, one or two clerks, and a number of trained men who were familiar with the construction and operation of the special machines. One set of men in each of the places could look after the machines as well as three sets of men, and that was the principal thing that led the officers of the separate companies to form a combination. Another reason was the tendency which existed on the part of the companies to buy up patents which might perhaps be availed of by other companies. (488.)

(d) *Effect of combination on employment.*—Mr. HOWE says that there are more workmen employed by the United Shoe Machinery Company in its factories than were ever employed by the constituent companies, and that the number of men employed at the agencies established throughout the country for the purpose of superintending the erection and operation of machines, has not been reduced, as might have been expected. The principal reason for this is that the business has greatly increased since the consolidation, as a result of prosperity in general business. Another reason is that better service has been rendered to the manufacturers, and this has resulted in a more extended use of machinery. (485.)

(e) *Effect of combination on wages.*—Mr. HOWE says that there has been no substantial change in wages since the organization of the United Shoe Machinery Company. There may have been increases in individual instances, but there has been no general increase. (487.)

(f) *Effect of combination on prices.*—Mr. HOWE says that the rental charge for most of the machines is the same under the United Shoe Machinery Company as it was before the formation of that company. In the case of turned work, there has been a reduction of about 50 per cent in the rental. In the case of metallic machinery, there has been, during the past year and a half, what is equivalent to a reduction, because, although there has been a rise in the cost of iron and copper during that time, the prices charged for materials have not been increased. Had the old company continued business, it would have been compelled to increase the prices, but because of the large business done by the United Company, it has been able to hold the prices at the same figure. (490.)

(g) *Effect of combination on inventions.*—Mr. HOWE says that there has been no cutting off of inventions through the formation of the United Shoe Machinery Company, and that there has been no diminution of invention in any direction. The policy of the company is to foster new inventions and to improve machinery as much as possible in order to maintain its hold on the business and to be able to supply manufacturers with the best machines. An inventor would not necessarily be compelled to sell his invention to the United Shoe Machinery Company. The company encourages inventions among its employees by allowing the inventor the full privilege of disposing of his invention as he pleases, or by paying him something for it in case the company adopts it. That does not apply to inventors whom the company hires on contract. It hires certain men for the purpose of inventing. (485, 488, 489.)

(h) *Relations with Flagg Manufacturing Company.*—Mr. HOWE says that the United Shoe Machinery Company is selling all goods of the Flagg Manufacturing Company which are sold outside of the United States. The United Company, through its affiliated companies in Europe, can handle these goods at very much less expense than any single company could handle them through the establishment of agencies in foreign countries. (487.)

2. *Leasing of machinery.*—Mr. M'DERMOTT says that the machines used in the manufacture of boots and shoes are operated under lease, and a royalty is paid according to the number of pairs of shoes sewed. There is a counter on the machine to indicate the extent to which it is used. There has been some friction between the shoe manufacturers and the United Shoe Machinery Company because

of the attempt made by the United Shoe Machinery Company to prevent manufacturers from using competing machines. There have been negotiations between the shoe manufacturers and the managers of the United Shoe Machinery Company, and an adjustment of differences has been made. Mr. M'Dermott submits a copy of the report of the committee of the New England Shoe and Leather Association, which carried on negotiations with the United Shoe Machinery Company and secured a modification of the leases under which the company's machines are operated by the shoe manufacturers. (508, 510-512.)

Mr. HOWE says that the machinery manufactured by the United Shoe Machinery Company is almost exclusively put out on rental and royalty under agreement with the manufacturers. The position taken by the company has been that if a manufacturer would agree to use all of the machinery of the United Company in his factory which he could use to advantage the company could afford to give him a better rate than it gives the manufacturer who uses only a part of the machinery manufactured by the company. Negotiations for the modification of the terms of the lease have been held with a committee of the New England Association of Boot and Shoe Manufacturers, and provision has been made, as the result of those negotiations, for manufacturers who want machines of the United Company in only one department. In the case of the metallic department, this privilege has been granted upon condition that the manufacturers pay 10 per cent more for the fastening materials they use than is paid by those who use all the machinery of the United Company. The leases of the United Company are substantially the same as were those of the constituent companies. The royalties are paid monthly, and a discount of 50 per cent is given if payment is made before the 15th of the month. Indicators are attached to the machines so that it can be determined to what extent the machine has been used. The small manufacturer gets practically the same terms as does the large manufacturer. Mr. Howe submits copies of the leases used by the United Shoe Machinery Company. (487, 488, 490, 491, 493-497.)

3. *Use of lasting machines.*—Mr. M'DERMOTT says that in general the use of lasting machines has proved successful. It is claimed that the machine is applicable to all grades of shoes. Some factories, however, will not use the machine, preferring hand work, especially on the better qualities. (508.)

Mr. HOWE says that there are lasting machines that are adapted to all classes of work. The machines are more successful, if anything, in the higher classes of goods than in the lower classes. In the highest class of shoes machine lasting is better than hand lasting. (491.)

4. *Foreign trade.*—Mr. HOWE says that the foreign trade in shoe machinery is increasing very rapidly, especially in Germany. The United Shoe Machine Company has a small factory in Frankfort with American superintendents and two or three American foremen. Some of the castings up to the present time have been sent from this country. There is an advantage in manufacturing the machines there, because of the duty of 25 or 30 per cent which is imposed by Germany. Most of the machines used abroad, however, are manufactured in this country, except so far as is necessary to comply with the patent laws of foreign countries. (485, 486.)

5. *Tariff on steel.*—Mr. HOWE thinks that the reduction of the tariff on steel products would have no effect whatever on the shoe-machinery industry. The value of the raw material which enters into shoe machinery is so slight in comparison with the value of the labor that is put into it that a diminution of 50 per cent in the cost of raw material would represent very little difference in the cost of the machines. So far as the tariff on shoe machinery is concerned, there is no shoe machinery imported into this country, and the patents and the skill in manufacture possessed by the manufacturers in this country would enable them to control their own market if the tariff were removed. (489.)

B. Conditions of labor.—*American and European workmen compared.*—Mr. HOWE says that the labor employed in the manufacture of shoe machinery is very much cheaper in Germany than it is in this country, but that it is by no means as efficient. Counting the productiveness of the labor, it is Mr. Howe's opinion that American labor is cheaper even at the higher price. (490.)

XXIV. LOCOMOTIVE, FORGINGS, AND TRANSMISSION MACHINERY TRADES.

A. Development of locomotive manufacture.—Mr. CONVERSE, a member of the firm of Burnham, Williams & Co., owners of the Baldwin Locomotive Works, says that at the beginning of railroad operations in the United States, the locomotive had a single pair of driving wheels, and weighed probably not over 13 or 16 tons. The first change was to add a second pair of driving wheels and couple them together. Then 6 and 8 driving wheels were

coupled, and the weight rose to 20 or 25 tons. This occurred about 1840 or 1850. In the next two decades, from 1850 to 1870, the standard American locomotives were about 40 tons in weight for freight service, and about 35 tons for passenger. Now freight locomotives of 100 tons, and passenger locomotives of from 70 to 80 tons are the rule. Forty years ago a 2,000-gallon tender was considered a very liberal size. The Baldwin Locomotive Works are now about to build tenders of 7,500 gallons capacity. A locomotive can run probably 40 or 50 miles without taking a supply of water in the freight service, and perhaps 75 to 100 miles in the passenger service.

The quality of the material in locomotives has also been greatly improved. Steel has largely been substituted for iron. This is made possible by the great improvements in the production of steel. The boilers are now made capable of bearing a steam pressure of 200 pounds to the square inch. Thirty or 40 years ago 100 pounds was the ordinary pressure. Forty years ago a large part of the mileage of American railroads was laid with iron rails weighing less than 60 pounds to the yard. To-day, on the roads of heaviest traffic, steel rails of 100 pounds to the yard are used. Thirty or 40 years ago a car weighing 10 tons was loaded with 10 tons of freight, and a heavier load was discouraged. Now cars are built to carry 100,000 pounds or 50 net tons. (231, 232.)

B. Conditions of capital and business.—1. *Baldwin Locomotive Works.*—Mr. CONVERSE says that Mr. Baldwin, the founder of the Baldwin Locomotive Works, was a manufacturing jeweler of remarkable mechanical ability. When railroads were first built in this country and locomotives were imported from England, Mr. Baldwin was one of the most competent men to handle them. His first connection with locomotives was an engagement to put together one which had been imported from England for the New Castle and Frenchtown Railroad. He built his first locomotive in 1831-32, for the Germantown Railroad of Philadelphia. The business has steadily grown until the Baldwin Locomotive Works are the largest in the world. They turned out 1,200 locomotives in 1900, of a value of between \$16,000,000 and \$17,000,000. They employ about 9,000 hands, and use a capital of not less than \$10,000,000.

There are about 10 large locomotive works in the United States. Very few railroads attempt to manufacture their own locomotives. No such attempt has ever been generally made. It is impossible for any railroad to build its own locomotives as cheaply as can works devoted exclusively to that industry. (230, 231.)

2. *Gun forgings and armor plates.*—Mr. HARRAH, president of the Midvale Steel Company, says that there are only two concerns in the country making gun forgings, his own company and the Bethlehem Steel Company. There are only two concerns making armor plate, the Bethlehem and the Carnegie. Mr. Harrah's company recently bid on a lot of armor plate at a price which would barely have seen it out. The contract was finally given to the other concerns at a price \$17 a ton higher, because the Midvale company could not begin to deliver as quickly as could the Bethlehem and the Carnegie companies, which had their plants established. Though Mr. Harrah was sorry to lose the contract, he thinks the Government acted wisely.

Mr. Harrah estimates the profits on armor plate at 23 per cent. This seems very great, but, when the risk of rejection is considered, it is very small. It does not begin to compare with the profit on steel rails, beams, and building material. The point is that when tests are made of armor plate for Government work, there is no test of each separate piece, but a whole batch is accepted or rejected according to the results of two shots. If it is rejected, it is a total loss. The United States Government is exceedingly severe on the makers of such material. The English Government buys similar materials from English makers at 31 cents a pound. The French Government, when it buys the gun forgings from French makers, pays 34 cents a pound. "When our Government buys its materials from us it pays us 22 cents a pound and always tries to jew us down * * * and the specifications under which material is made for the American Government to-day are more severe than the specifications under which any foreign material is furnished to any foreign government." Heavy penalties are also collected. (354.)

Mr. CHARLES H. CRAMP, president of the William Cramp & Sons Ship and Engine Building Company, says that the profit on armor making is something enormous. The people who make money on their ships are not the persons who design them or construct them, but the ones who make the guns. The armor makers do not get too much profit, because it involves an immense outlay of money to build an armor plant, and the business is not continuous. Still a ship could be put in at cost if the company building it got the profit on the armor. (420.)

3. *Drop forgings.*—Mr. WILLIAM C. REDFIELD, treasurer of J. H. Williams & Co., manufacturers of drop forgings, says that there are from 80 to 90 concerns manufacturing products which come into competition with those manufactured by J. H.

Williams & Co. These concerns are scattered all over the country. Not all of them make all the kinds of products which J. H. Williams & Co. make, but each of them has one or two specialties which come into competition. The business of J. H. Williams & Co. is about equally divided between goods which are known as stock articles—that is, goods which are carried in stock and catalogued—and goods which are made through special order. All of the stock articles come into competition with products manufactured by every other drop-forging concern, and about two-thirds of the specialties come into competition with products of other concerns. The remaining one-third of the specialties manufactured come into competition with goods which other manufacturers produce by different processes, but which they claim will accomplish the same results. Practically, therefore, there is competition throughout the entire business. J. H. Williams & Co. make forgings which are used in electric motors, guns, pistols, rifles, sewing machines, typewriters, and in all kinds of light, quick-running machinery. (687.)

4. *Prices of steel products.*—Mr. REDFIELD says that the prices of steel products rose very sharply at the beginning of 1900 and fell off very sharply in the latter part of the year. They fell off much more than one-half, and they have advanced somewhat since then. They are now ranging at figures which fall below the maximum of last year, but are approximately 50 per cent higher than the minimum of last year. The fluctuation was due chiefly to the operation of the law of supply and demand. The formation of the large steel combination has tended to steady prices. It is of the greatest importance to the country at large that prices should be steady. One of the difficulties found in efforts to extend our export trade is the fluctuation of prices. (688.)

5. *Export trade.*—(a) *Locomotives.*—Mr. CONVERSE says that the export trade in locomotives has been growing for the last 40 years. At first it was confined chiefly to Cuba and South America. Within the last 25 years it has extended to the Eastern Hemisphere. In the last 10 years the growth has been very great. American locomotives have now been sent to almost every country where railroads are in operation. Within the last 3 years the Baldwin works have built locomotives for railways in England, France, and southern Germany, though these countries are large locomotive producers and have been competitors for the trade of South America. The Baldwin works have sold many locomotives to the Russian Government—about 150 during the past 4 or 5 years for the Trans-Siberian Railway. It is the policy of the Russian Government to develop industries in Russia, and a protective duty of about 4 cents a pound is levied on locomotives for that purpose. The Government does not order locomotives abroad if the Russian works can meet the demand. The capacity of the Russian works is not large enough, however, to supply the necessary equipment for the Trans-Siberian Railway in addition to the ordinary requirements of the country. It was for that reason that orders were placed abroad. Since the Government was the purchaser, the Russian tariff did not, of course, enter into the question. Indeed, since the railroad system in almost every country except the United States is largely a government system, foreign tariffs cut no great figure in the locomotive business.

In general, the things which give the American locomotive builders an advantage over the European builders are three: First, large capacity and excellent facilities make it possible to fill a large order in a very short time; second, American locomotives are to some extent preferred by reason of their type and size and details; third, the American locomotives are built at a less cost per unit of weight than the ordinary European locomotives. The principal competitors in the markets of the world are England and Germany, and to a less extent France and Belgium.

The foreign orders of the Baldwin Locomotive Works are not procured by traveling men employed by the concern, but through foreign agents—business men in their respective countries. The firm has a general agency in London and agencies in Norway, Sweden, Russia, China, Japan, and southern Germany. Its export business is from a quarter to a third of its whole output. It does not sell abroad on credit, nor receive nor negotiate securities of foreign corporations. The larger part of the price of a locomotive is generally paid on the completion of the contract, and a small percentage is retained for perhaps a year, as a guaranty against defects. (231-236.)

Mr. Converse says that the locomotives which are sent abroad by the Baldwin Locomotive Works are substantially the same in type as those used in America, but are much lighter and less powerful than the average American locomotive. American and European locomotives have been growing more and more alike in type. The two principal points of difference remaining are the use of the bar frame in America and of the plate frame in Europe, and the invariable use of outside cylinders in America, while inside cylinders and crank axles are very largely used in Europe.

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The basis of price is substantially the same for the locomotives which are exported as for those which are sold in this country. The foreign locomotive costs a great deal more because it has to be built and then entirely dismantled and boxed. Freight, insurance, loading, and unloading charges have to be paid, and mechanics sometimes have to be sent thousands of miles to take charge of erection and to try the engines. (231, 235.)

(b) *Transmission machinery.*—Mr. CRESSON, a manufacturer of transmission machinery, says that he sells his goods all over the world. He sells to commission houses, and also has traveling men of his own. It was at the time of the depression in 1893 that he began to export in a large way. Before that time it would have been possible to find an export market because of the superior quality of his goods, but the domestic trade kept him occupied and he did not care to do it. When the domestic trade fell off, he enlarged his factory and put in new machinery to handle very large work, and went heavily into the export trade. (286-288.)

(c) *War materials.*—Mr. HARRAH says that the Midvale Steel Company had an inquiry from the English Government for a large amount of war material in February, 1900, and submitted prices and times of delivery. The prices were satisfactory, but it was only after consultation with the United States War Department that the English Government was convinced that deliveries could be made at the time promised. In the end the English makers raised such strong objections to the buying of war material in America that the British Government dropped the matter. (354.)

(d) *Drop forgings.*—Mr. REDFIELD says that J. H. Williams & Co. are selling their products all over the world in competition with the products of Birmingham manufacturers. About one-eighth of the products manufactured by the company are sold abroad. Both stock products and specialties are exported. Nearly all of the specialties manufactured by the company are sent abroad, where they come into competition with similar goods from this country and with goods made in Germany. The company is making two lines of goods which are sold exclusively abroad. These goods are tools for machines which are not used in this country. A few of their goods are sold at lower prices in the foreign market than in the domestic market, but many of the goods sold are sold at higher prices abroad than at home. The company simply meets the market and gets the largest price it can. (661, 667, 668.)

6. *Patents.—Locomotives.*—Mr. CONVERSE says that his firm owns one important patent, for a plan for a compound locomotive, which is largely used both in America and all over the world. Aside from this there are no patents covering any important features of locomotives. His firm owns patents on some special machine tools. (233.)

7. *Combination.—Locomotive manufacture.*—Mr. CONVERSE says that efforts have been made to combine the locomotive works of the United States, but thus far without success, because some of the works, including his own, are not favorable to combination. He does not believe that locomotives could be produced more cheaply if all the works were under one management. (234.)

8. *Tariff on locomotives.*—Mr. CONVERSE does not think that foreign locomotives would be imported into this country if there were no duty on them at all. He knows of only one locomotive which has been imported in 25 years. That was brought in by the Pennsylvania Railroad as a sample of a new type and of English workmanship. The Baldwin Locomotive Works do not import any material except that in the case of locomotives bought for foreign railways a preference is sometimes expressed for certain appliances or parts of foreign manufacture. These parts then have to be imported. They are exported again, subject to the drawback provided for in the tariff law. (233-236.)

9. *Condition of business.—Locomotive manufacture.*—Mr. CONVERSE attributes the improvement in the condition of his own business as compared with the years following 1893 to "the general prosperity of the country and the large demand for our crops abroad, the immense development of railroad transportation, and the sound financial condition in which the country has been placed within the past few years, and, to some extent, to the favorable legislation. I mean by that the feature of being able to import foreign-made articles for locomotive manufacture and to secure a drawback on them when they are sent out of the country again." This one item of tariff drawback might mean a difference of 4 or 5 per cent in the price of a locomotive. (234.)

C. *Labor organizations.—Attitude of employers.*—Mr. CRESSON says that he is not opposed to organized labor and has given little attention to the question whether his men are organized or not. "Quite a number of times there have been people around to stir them up, but they have not done much. We have not opposed them except when they interfered with the business." The leader of

the machinists has repeatedly desired to go through the shops and talk to the men. It has not been thought best to permit it. "He is one of those people whose business it is to stir up the workingmen and get them discontented with what they are doing." At the same time the men are American citizens and are fully entitled to have something to say about wages and conditions. (267, 268, 269, 272.)

D. Relations of employers and employees.—Mr. REDFIELD says that no difficulties arise between J. H. Williams & Co. and their employees. There has never been but one difference, and that was due to mistakes made by a subforeman. As a result of the mistakes of this subforeman there was a strike in one department of the company's works which lasted for a week. The result of the strike was that the subforeman was discharged and all the men were reemployed. Some of the men who were employed by the company when it started are still with it. (660, 663, 664.)

Mr. CRESSON says that he has never had a strike in his 40 years of business. A very large proportion of his men have been trained up from boyhood in his shop. There are, however, a considerable number of foreigners of various nationalities. (267.)

E. General conditions of labor.—1. *Wages*—(a) *Steel works*.—Mr. HARRAH says that possibly 20 per cent of the workmen employed by the Midvale Steel Company are paid by the day and all the rest by the piece. The men prefer piecework to day labor or a sliding scale. When a rate is fixed it is understood that it will prevail for a given time—a year, 18 months, or 2 years. Both the men and the company have always lived up to this understanding. The company gives the men every facility and advantage in the way of appliances, and pays not only a good wage but a large bonus for overproduction. Many of the men turn in \$40 a week one week after another. Probably 1,000 or 1,200 men, one-third of the workmen, can do that. The result is that the most of them, being satisfied with their condition, work only 5 or 5½ days in the week. The average attendance is 52 hours a week. (349, 350.)

(b) *Machinery trade*.—Mr. CRESSON says that his men average about \$14 or \$15 a week and his boys from \$5 to \$8. He never reduces the pay of an individual; did not do so during the depression of 1893. The average wages have risen perhaps 20 per cent since the hard times, but are not materially higher than under the Harrison Administration. The average wage has been raised by increasing the wages of new men taken on.

Mr. Cresson thinks that wages in Philadelphia are lower than in other centers, such as New York, Baltimore, and Chicago. A machinist, for instance, receives about \$15 in Mr. Cresson's shop, while he might receive \$16 or \$18 in one of the other cities. This is accounted for largely by the cheaper living in Philadelphia. Another factor is steadiness of work; Mr. Cresson's men never have to lose any time; but he does not think their yearly wages are as high as they would be in other places. (266-271.)

(c) *Locomotive manufacture*.—Mr. CONVERSE says that though his firm pays considerably higher wages than those paid by European locomotive works it is able to compete with European factories, partly through the greater industry and intelligence of the American workman and partly by much larger use of machine tools and improved machinery. (231.)

(d) *Drop forgings*.—Mr. REDFIELD says that in the shops of J. H. Williams & Co. wages in many of the departments are paid under the piecework system. In the die-making departments daily wages are paid, and the rate is from \$2.75 to \$3.50 per day. (663.)

2. *Fines*.—Mr. HARRAH says that his company fines its men severely. He supposes that between \$5,000 and \$6,000 a year in fines is collected from its 3,400 employees. The money does not go to the company but to the benefit fund of the men. There is no objection to the system. (352.)

XXV. OPTICAL INSTRUMENT TRADE.

A. Conditions of capital and business.—1. *Queen & Co.*—Mr. GRAY, secretary of the Manufacturers' Club, Philadelphia, states that his firm, Queen & Co., makes optical instruments, surveying and engineering instruments, electrical testing instruments, and high-class physical apparatus for colleges. It has some patents, but relies less on patent protection than on the form and quality of the instruments. For instance, it makes a cable-testing apparatus which it sells all over the world and on which it has a substantial monopoly, though it has no patents on it. Anyone else might make the same apparatus, but he would have to make a large investment in tools, which perhaps he would feel the possible trade would not justify. Queen & Co. have established a trade for the apparatus, which justifies the possession of these tools. (205.)

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2. *Import trade.*—Mr. GRAY says that perhaps 20 per cent of the goods that Queen & Co. sell are imported. In some cases single articles of classes which are not made in large quantities are desired and can be imported for less than they can be made for here, especially since there is no duty on them if they are for the use of educational institutions. In many cases, however, there is a demand for foreign instruments, simply because the younger professors have studied abroad and have an idea that it is the proper thing to have European instruments. Queen & Co. import things which could be got better and cheaper here to suit the taste and fancy of certain individuals. For instance, the University of Pennsylvania required a certain number of microscopes. Queen & Co. offered them at a price somewhat lower than that at which they could be imported free of duty. The professors who actually intended to use the instruments examined Queen & Co.'s, and were fully satisfied with them and wished to buy them, but the head of the department had studied in Germany and believed in German instruments, and the university bought the German instruments at the higher price. (208, 209, 212.)

3. *Export trade.*—Mr. GRAY says that the firm of Queen & Co. does a considerable export trade in some lines of optical instruments, but the goods that are exported are American models which have been worked out by American ingenuity and which sell because of their superiority. (213.)

4. *Tariff.*—Mr. GRAY says that on a large part of the goods manufactured by Queen & Co. there is no actual tariff protection. There is a duty, for instance, on microscopes, but it is not levied on instruments imported for institutions of learning. For every microscope sold to an individual two are sold to an institution. In selling to the institution it is necessary to meet the free-of-duty price, and the firm desires to hold the trade, even at unprofitable rates. This necessarily fixes the price to individuals. The material used forms a comparatively small part of the cost in this line; labor is the important factor. Though wages are very much higher for this kind of work in the United States than in Germany, the difference is overcome by division of labor and by special machinery and tools. It would be of great advantage to the optical instrument industry in the United States, however, if the paragraph which permits free importation for institutions of learning were changed. (212, 213.)

B. Conditions of labor.—1. *Nationality of workers.*—Mr. GRAY states that Queen & Co. get their skilled help either by employing foreign-trained workmen of mature years or by training up young people under the tuition of the foreign-trained workmen. The majority of the employees in the factory are now natives, though many are children of foreigners. (211.)

2. *Wages.*—Mr. GRAY says that the principal maker of fine microscopes in Europe is Zeiss at Jena. That establishment pays what it calls standard workmen \$8 a week. Queen & Co. pay the same grade of workmen \$31. The hours of work here are 10 a day. They are longer at Jena; Mr. Gray thinks 12. For skilled workmen of lower grade, Queen & Co.'s wages go down to \$15 a week and Zeiss's to \$4. Yet the German instruments do not sell, as one might suppose, far below the American. The American firm makes up the difference in wages by division of labor, and by the use of special tools. The German standard workman makes all or nearly all of the instrument. In America the corresponding workman is supplied with parts partly finished by special tools. The rougher work is done by machinery and by less skilled men, and he has only to do the finishing. (211, 212.)

CXXVI. SHIPBUILDING.

A. Development.—1. *Philadelphia as a shipbuilding center.*—Mr. CHARLES H. CRAMP, president of the William Cramp & Sons Ship and Engine Building Company, says shipbuilding has been the prime industry of Philadelphia since the founding of the city. William Penn began the promotion of shipbuilding in Philadelphia, though, as a matter of general modern interest, shipbuilding in Philadelphia has to be dated from the close of the war of Independence. From 1781 to 1790, during which years the defense acts of the Continental Congress remained in effect, the records, though somewhat imperfect, show that at least 163 vessels, aggregating 18,000 tons registry, were built in Philadelphia. Excepting the *Alliance*, a frigate presented to the King of France in 1784, which was of 732 tons, no ship larger than 300 tons was built at Philadelphia prior to 1790. From 1790 until the outbreak of the war of 1812, Philadelphia easily led the country in shipbuilding, particularly in regard to the size and quality of the ships built. The supremacy of Philadelphia in shipbuilding at this time Mr. Cramp attributes partly to the excellent quality and great quantity of timber in the region tributary, and partly to the skill and aptitude of its shipwrights. In the period of depression which followed the war of 1812, Philadelphia constructed considerable tonnage for foreign countries, consisting of both merchant ships and men-of-war, and including one

line-of-battle ship which was sold to Russia. In 1830, two Philadelphia ships, originally built for the China trade, were sold to the English East India Company. This raised such a fuss in England that action was taken by the British Board of Trade which resulted in closing the British market to American-built ships, the British authorities insisting that their merchants must have their ships built in England, even though they had to import construction materials. When the transition came from wood to iron, and from canvas to steam, William Cramp and his sons found that "the task of perpetuating the supremacy in shipbuilding of Philadelphia in the new era practically devolved upon them." Philadelphia, Mr. Cramp thinks, has been in the lead in everything pertaining to naval architecture since 1710. (401, 403.)

2. *Beginning of steam navigation.*—Mr. CRAMP states that steam navigation was inaugurated in Philadelphia by the building for John Fitch of the first American steamboat, which, in 1790, began regular trips between Philadelphia and Trenton. A second steamboat was launched in 1791, but when nearly completed was driven from its moorings by a storm and wrecked. After this steam navigation on the Delaware languished for several years. In 1809 another steamboat line was established to run between Philadelphia and Trenton. This was successful, and steam navigation on the Delaware has since been uninterrupted, though it was many years after the establishment of that line before steamships began to cut any important figure. (402.)

3. *Iron battle ships.*—Mr. CRAMP says that the pioneer seagoing armored battle ship of the American Navy was the *New Ironsides*, built by his company just previous to the outbreak of the civil war. At that time armored-ship construction was in its infancy, and, except for the few ironclad floating batteries employed at the bombardment of Kinburn in the Crimean war and the armored frigates *Warrior*, of the English navy, and *Couronne*, of the French navy, there was no guide as to either design or construction of ironclad vessels. The United States Government determined to build the most powerful cruising ironclad that the facilities of the country would admit, and the *New Ironsides* was the outcome of this determination. The ship was of an entirely unique design, and was generally considered the most formidable seagoing ironclad of the time. Although the *Ironsides* would appear crude now, she was a remarkable achievement and proved invulnerable to any of the ordnance of that day. In 1868, while lying at League Island, she took fire, burnt to the water's edge, and sank. (398, 399.)

4. *Shipbuilding in 1870.*—Mr. CRAMP says that in 1870 there was a considerable revival of national spirit in an effort to regain the position of a maritime commercial power which the country had lost through the civil war, and as a result the American Steamship Company was formed. For this company the Cramp Company constructed four steamships, known as the *Indiana*, *Illinois*, *Pennsylvania*, and *Ohio*. These ships were commissioned in 1872 and 1873, and excelled in speed the *City of Brussels*, which was the fastest trans-Atlantic steamer of that time, although the *City of Brussels* burned 1,000 tons of coal per trip and had 100 men in the fire room, while the American ships burned less than 500 tons of coal and had only 37 men in the fire room. These economies were the result of the introduction of the compound engine. These ships made 8-day trips, and for a time attracted their share of trans-Atlantic traffic, but finally succumbed to the competition of their subsidized British rivals and passed under the control of the International Navigation Company. (399.)

Mr. Cramp says that when these four ships were contracted for the foreign steamship companies increased their output of new ships and built larger ships than had been their practice. As a result it came about that by the time the American ships had started and made one or two voyages freights had fallen to one-half or one-third of what they were before the contract was made for the building of the ships. (400.)

5. *Shipbuilding on the Pacific coast.*—Mr. CRAMP says that shipbuilding started on the Pacific coast during the years 1885 to 1890, when the Union Iron Works got some contracts from the Government. The Pacific coast shipyards, he says, have been devoted mostly to the building of war ships, but a limited number of coastwise boats have been built there.

Ships for the Pacific trade have been built in several Eastern yards—in the yards of the Newport News Company, in the yards of Charles E. Flint's Company, and at Chester and elsewhere. (408, 404.)

B. Conditions of capital and business.—1. *William Cramp & Sons Ship and Engine Building Company.*—Mr. CRAMP states that the William Cramp & Sons Ship and Engine Building Company was founded by William Cramp in 1830; that in the 64 years of its existence, to the end of 1893, the number of men employed had increased from less than 100 to 5,600, and that the pay roll had grown from a

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few hundred dollars per week to \$54,000 per week. In addition, an enormous amount of labor is employed and large sums are paid in wages by contributory industries upon which the shipyard relies for material. The number of names on the pay roll in 1900 was 6,850 and the amount of wages paid about \$81,000 per week. (397, 416.)

During the first 63 years of the existence of the company it constructed 289 ships, and in the 23 years during which a modern engine plant has been part of the establishment 141 engines of every description and capacity have been manufactured. From the end of 1893 to December, 1900, when Mr. Cramp testified, the company had constructed 80 ships, and 11 were still in process of construction at that time. Of these 41 ships 7 were for the United States Navy, 2 for the Russian navy, 1 for the Japanese navy, while 2—the *St. Louis* and the *St. Paul*—were built to engage in trans-Atlantic trade under the American flag. (397, 400, 401, 416.)

Mr. Cramp thinks that the success of the Cramp Company may be viewed as a case of survival of the fittest. He says that when William Cramp founded the company in 1830 there were 12 other shipyards in Philadelphia, none of which now survive except the establishment of Neafie & Levy and that of the Charles Hillman Company. The survival of the Cramp Company he attributes to the fact that when the change from wood to iron came the Cramp establishment was the only shipyard prepared to meet the new conditions; the other shipbuilders could not, or would not, and therefore their shipyards passed away. (398.)

2. *Equipment of American shipyards.*—Mr. CRAMP says that his company has better appliances than have any of the shipyards abroad. Facilities for doing work are better in this country, though since the engineers' strike Great Britain is making greater use of American devices and inventions. (414.)

3. *Cost of ship construction.*—Mr. CRAMP says that it is impossible to give a direct positive or negative reply to the question whether a ship can be built as cheaply in the United States as in England, it depends partly on the ship and partly on the builder. The average English tramp ship could not be duplicated in America, because American shipyards could not reduce their standard to that of tramp construction. In respect to the highest class of vessels, Mr. Cramp thinks that the proper form of the question is not, "Can you duplicate the *City of New York* (for instance), or the *Majestic*, or the *Columbia* (using the word "duplicate" in a purely structural sense), for the cost of these vessels in Great Britain?" but the question should be, "Can you build a ship to do the work of the *City of New York*, or the *Majestic*, or the *Columbia*, in all respects, for the same cost?" To that question Mr. Cramp would reply, "Yes; or within as small a margin as would be likely to prevail in a similar case between any two British shipyards." Every great shipyard of long existence acquires methods, systems, and practices peculiarly its own, and these are expressed in the vessels which it designs and builds. The prices for building steamships would therefore be different in different shipyards. When a Japanese company went to England to get a lot of ships built, they got 16 different bids from different British shipbuilders, and the difference between the highest and lowest bids was 30 per cent. It is, therefore, not possible to give a direct answer to the question whether a ship can be built as cheaply in the United States as it can be built in Great Britain. Making a rough estimate, however, Mr. Cramp would say the cost of building an American first-class steamship and a foreign first-class steamship would differ by about 15 per cent. (405, 407, 408, 414.)

4. *Advantages possessed by the United States.*—Mr. CRAMP says that in a few years both England and Germany will have to come to the United States for the raw material for the building of their ships. (411.)

5. *Profits in shipbuilding.*—Mr. CRAMP says that there is not a business where there is less profit than in shipbuilding, if the immense amount of ability required to construct a ship is taken into consideration. The profit on shipbuilding on contracts given by the United States Government is ridiculously low, and in merchant shipbuilding it is still lower. In England it pays better because of the prices they pay for the materials that go into the construction of a man-of-war. (430.)

6. *Combination.*—Mr. HARRAH, president of the Midvale Steel Company, does not think that there would be any advantage in combining plants for shipbuilding and for producing armor and ordnance, except that if such a combination chose to keep war ships in stock in a speculative way it would be likely to make a mint of money when a war broke out. (356.)

Mr. CRAMP says that it would be a ridiculous thing to form a combination of all the shipyards, and that it could not be done. (417.)

7. *Building of Government ships.*—Mr. CRAMP states that when, in 1872, the matter was investigated by a committee of which he was a member it was learned that every engine that had been built for a British man-of-war for 20 years had been built in a private shipyard. That is one of the many reasons why Great

Britain became superior to us at the time of the civil war. The constant practice of building vessels in private shipyards and paying handsome prices for them built up great engine shops with great machinery, and when the British were building vessels for the merchant traffic they were all supplied with great machines and trained workmen. All the iron and steel ships that were built for the British Government at that time, and continuously up to the present time, have been built in private yards, and liberal prices have been paid for them. In the case of five ships built by the Lairds for the British Government the contract price was large enough to enable the company to build a separate dry dock for each ship. (Great Britain, in time of war, could use those additional dry docks for repairing vessels. Private shipyards were built up at the expense of the British Government, and they afterwards afforded powerful aid in the building of great British fleets. There are no battle ships or cruisers being built by Government yards in this country at the present time. Some years ago two cruisers, the *Raleigh* and the *Cincinnati*, were built in the Government yards. One was built in the Norfolk Navy Yard and the other in the New York yard. (408, 416.)

8. *Competitive bidding.*—Mr. CRAMP says that when a trans-Atlantic steamship company decides to add a vessel to its fleet it does not submit its plans, specifications, etc., to a number of shipyards for competitive bidding. As a rule each company has its particular or favorite builder, and the builder's type of ship becomes the company's standard. Although there are many shipyards in Great Britain, there are not more than 8, or at the outside 4, yards which would be considered by any of the great steamship companies as competent to build first-rate modern vessels, such as are now required for trans-Atlantic mail and passenger service. The plan followed in building such ships is to charge the company for materials and for labor, and then to add a certain amount for operating expenses and a certain amount for profit, terms and percentages being fixed. "It may be," says Mr. Cramp, "that there are good reasons why the United States Government should to a great extent tie both its hands and those of the contractors by inflexible written stipulations, under bond and penalty, but no such conditions are imposed in transactions between steamship companies and shipbuilders of established rank, for the simple reason that both would be subjected to probable or possible embarrassment thereby; and experience demonstrates that it is better to leave the questions of detail to the operation of the common rules of business as encountered in the progress of the work." Mr. Cramp states that the contracts for the ships built for the British Government by the Lairds were not secured through competition. The British Government knows who can build these ships, and it notifies them that it will give them a battle ship for so much money. If they want it they can have it; if they do not want it they need not take it. And that is the way their ships are got out. (406, 409.)

9. *Extension of shipbuilding plants.*—Mr. CRAMP states that for a number of years he has been endeavoring to enlarge his plant and to extend its capabilities to the point of building a first-class war ship complete, ready to go into action when delivered, including not only hull, machinery, and equipment, but also armor, guns, and ammunition. That is his idea of what the capabilities of a shipbuilding plant should be. As far as possible the divers industries which enter into the construction of a ship of war should be under a single management, in order that the best advantages of experience may be realized. In his efforts to extend the scope of his plant Mr. Cramp states that he has laid his scheme before various people, before the Bethlehem and Carnegie establishments, and the Midvale Steel Company in this country, and before the Armstrong Company and the Vickers Company abroad. The desirability of having a plant of such scope has been more than justified by the phenomenal success of the Armstrong Company. That company builds fully equipped war vessels, and is now employing 15,000 men and paying dividends of 20 per cent per annum, most of which is made on the guns and ordnance matter. The Vickers Company is also prepared to turn out complete ships ready for action, and the same is true of other companies in Great Britain. The Krupp have bought the Germania shipbuilding plant at Kiel, and are prepared to furnish complete ships, and now have a large number of vessels under construction, 5 of them for the German Government. The shipbuilding plant of Forges et Chantiers, at La Seyne, France, is also ready to build complete fighting ships, ready to go into action when delivered. There has never been a time within 30 years, Mr. Cramp says, when, if his company could have built a war vessel complete, as it would build it, it could not have made 30 per cent over the ordinary prices. The extension of the capabilities of a shipbuilding plant in this way is a totally different proposition from a combination or consolidation of shipyards. It would conduce to the more perfect independence of one shipyard, and would be in line with what has already been done. Formerly the various departments of the constructive trades which are now embraced in one shipbuilding plant were entirely independent of each other. The shipowner made separate contracts for

the building of the hull, for painting, blacksmithing, ship smithing, spar making, sailmaking, and rigging. In the case of steamships separate contracts were made for hulls and engines. As a result there was difficulty in fixing the responsibility. If a ship failed to come up to the required speed the shipbuilder would put the blame on the engine builder, and the engine builder would put the blame on the shipbuilder. This method of subdivision increased the cost of a ship. A trans-Atlantic steamer, which can now be built for \$3,000,000, would under the old method of subdivision have cost \$8,000,000. (418-420.)

10. *Displacement and registry tons.*—In explaining the difference between displacement and registry tons, Mr. CRAMP says that displacement tons are used in warship practice and represent the weight of water actually displaced by the hull. If the ship should be put into a pair of scales and should weigh 10,000 tons, it would displace exactly 10,000 tons of water; but tonnage as applied to merchant vessels—that is, registry tonnage—is the measurement of the internal capacity of the vessel—its tons measurement, not tons weight. Tons registry is always less than tons displacement. A ship that would displace 19,000 tons would have a gross registry tonnage of not over 12,500 or 13,000 tons. The difference between gross tons and net tons, Mr. Cramp explains, is that the net tons measure the internal capacity of the ship after the spaces taken up by boilers and engines are deducted. (400.)

C. *American merchant marine.*—1. *Reasons for lack of investment in trans-oceanic lines.*—Mr. CRAMP says there are two reasons why American money does not seek investment in trans-Atlantic lines or in Pacific lines to the Orient. One reason is that it has not paid, but the principal reason is that few persons have been educated up to it. People can not make money in a business unless they are trained to it. The first cost of a ship is not the chief factor in preventing the investment of American money; it is not even a serious factor. The great trouble is the greater cost of running American ships. The greater first cost of a ship might be overcome somewhat, but the greater cost of running American ships, the paying of higher wages on American ships than are paid on foreign ships, is continuous. (404, 408, 414.)

Mr. Cramp says that the difference in the cost of running an American ship and the cost of running a foreign ship is immense. It takes an army of men to handle the 5,000 tons of coal which a first-class Atlantic ship burns on one voyage, and the men on an American ship get nearly double the amount of wages paid the men on a British ship; the stewards and others also get higher wages. (407.)

2. *Aid to shipowners generally.*—Mr. CRAMP, says that he is in favor of doing something for the benefit of the merchant marine by giving shipowners some compensation of some kind. He is not disposed to hold to any particular plan to the exclusion of all others, but is ready to accept anything that will be effective in counterbalancing the disadvantage under which we now suffer from the greater expense of running our ships. (409, 413.)

3. *Discriminating duties.*—Mr. CRAMP has always been in favor of discriminating duties, and thinks that the imposition of such duties would be a very good method of upbuilding American shipping. It would involve the necessity of abandoning some of our treaties, but that is no objection, as we have never made a treaty that was to our advantage. (412.)

4. *Subsidies.*—Mr. CRAMP says that the payment of ship subsidies would be for the benefit of everyone in America. The opposition to the subsidy bill was centered in the great trans-Atlantic steamship lines of Great Britain and Germany. To the opposition of these lines was added the opposition of a large number of smaller foreign steamship companies. Many of the Western railroads also joined in the opposition. The fight was not an open one, but the tactics of the opponents of the subsidy bill were veiled under every conceivable form and device. (410, 411.)

Mr. GRAY, secretary of the Manufacturers' Club, Philadelphia, is doubtful of the wisdom of subsidizing ships. He believes that it costs more to run a vessel under the American than under a European flag, and he is very doubtful of the wisdom of offsetting that difference with subsidies. (207, 210.)

5. *Registry of foreign-built ships.*—Mr. CRAMP refers with approval to the "sturdy patriotism" of the First Congress, which, when commerce was languishing for want of vessels, nevertheless prohibited the registry of foreign-built ships. He himself, however, as one of an advisory committee, agreed to the policy of admitting a foreign ship to registry, provided that one were built in American shipyards of equal tons and class, his reason for so doing being that it is necessary to get vessels, and that at present the shipyards are not large enough to furnish a sufficient number of ships to supply the demand. Also, he was willing to make a concession to the free-ship men. More ships are wanted in this country, and in order to have more ships built here Mr. Cramp is willing to make the sacrifice embodied in admitting a foreign ship to registry, provided a ship of equal tons

and class is built in an American shipyard. The admission of foreign-built ships up to half the American tonnage would be politic now, because there is a great deal of carrying trade to be done, the carrying trade of the world having been demoralized by the South African war. (402, 409, 410, 411.)

Mr. Cramp says a lot of Americans are buying the worst kind of foreign ships. As a consequence of the increase which there has been in the dimensions of ships, British shipowners are selling their smaller ships to American bargain hunters. (404.)

6. *Demand for ships.*—Mr. CRAMP says that there is an enormous demand for vessels, due largely to the fact that the British Government took for transports and colliers in the South African war a great many of the British ships engaged in the trans-Atlantic trade. Another reason for the great demand is that the United States has taken vessels from the coastwise trade for transports. The demand will not in any way be met by the return of the transports taken by the Governments when the wars are over; the vessels will be obsolete then and worthless. It is very destructive to use a merchant vessel as a transport. (411, 412.)

Mr. Cramp says that the Germans have now got complete possession of the carrying trade of the North Atlantic and England will never recover it again. There is a chance for America to get in if the right means are used. (411.)

7. *Underclassification of American ships.*—Mr. CRAMP says that American ships are underclassified by Lloyd's. (414.)

8. *Ships in the coastwise trade.*—Mr. CRAMP says that with the exception of those ships registered under the wrecking disability act, he has never heard of a ship engaged in the coastwise trade which was built elsewhere than in an American shipyard. (404.)

D. Improvements in naval architecture.—*The Holland boat.*—Mr. CRAMP says, referring to the Holland submarine boat, that if any boat can creep around under the battle ships and blow them up battle ships will not be of much use. Whether this can be done is another question. Naval men do not seem to fear it. The fear of the submarine boat or ram or torpedo boat is principally the fear of the unknown. There have been many reports during the last 40 or 50 years of sudden revolutions which were to take place in naval architecture and bring about a new order of things, but they have not materialized. Great revolutions do not occur. The great changes which occur in battle ships and other ship construction are of slow growth. Every year will produce better guns, every year will produce a better ship and better armament, and we will continue to have the older ones at the same time. So will all other nations. In any case, it is highly important to have a great plant with every facility for quickly producing the highest and best types of old and new. (421.)

E. Conditions of labor.—1. *Nationality of workers.*—Mr. CRAMP says that a large number of workers in his shipyard are Americans. He has workmen whose ancestors for seven generations have been shipbuilders. The men who come to this country from British shipyards are for the most part of the least desirable class. They are usually men who are dissatisfied or discontented and who are quarrelsome. (415.)

2. *Employment.*—Mr. CRAMP says that employment in shipyards is more continuous in Great Britain than in the United States. (415.)

3. *Wages.*—Mr. CRAMP states that in 1894 he had a careful examination made of the books of two Clyde concerns and made a comparison between wages paid in America and the wages paid in Great Britain, with the following result:

Trade.	British rate.	American rate.
Pattern makers.....	\$9.00	\$18.00
Machinists.....	8.50	15.00
Riveters.....	7.50	12.00
Beam and angle smiths.....	8.40	15.00
Holders-on.....	4.20	9.00
Fitter-up.....	7.50	15.00
Ship carpenters.....	9.00	18.00
Joiners.....	9.00	18.00
Painters.....	9.00	18.00
Ship-shed machine men.....	7.20	15.00
Furnace men.....	6.00	10.80
Riggers.....	7.20	11.00
Plumbers.....	9.00	15.00
Drillers.....	8.40	11.00
Sheet-iron workers.....	8.50	15.00
Coppersmiths.....	8.00	13.00
Molders, iron.....	9.00	14.50
Molders, brass.....	9.00	15.00
Labourers.....	4.20	8.00-9.00

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Since that time wages have been raised both in this country and in Great Britain. The wages in the two countries are a little nearer together than they were 20 years ago. There is a little difference in the wages paid in the East and on the Pacific coast, wages being slightly higher on the Pacific. The wages paid by the Cramp Company and the Newport News Company are about the same. (413, 414.)

4. *Apprenticeship.*—Mr. CRAMP says that, as a rule, his company takes the children of its workmen as apprentices. The preference is given to them. After they are placed the company takes on outsiders. (416.)

5. *Labor organizations.*—Mr. CRAMP says that the workers in his yard, the riveters, and pattern makers belong to organizations, but the reins are not held very tightly, and when they were all ordered out on a sympathetic strike they did not go. The men in his yard are generally governed by the circumstances governing the yard itself. There has never been occasion for him to receive committees from the men to discuss wages, etc. (416, 417.)

XXVII. EVIDENCE NOT DIRECTLY RELATING TO MANUFACTURES.

A. *Evidence relating to transportation.*—1. *Pere Marquette Railroad Company.*—Hon. WILLIAM W. CRAPO, chairman of the board of directors of the Pere Marquette Railroad Company, says that 3 roads united to form the Pere Marquette Railroad Company. The united system has been in operation since January, 1900, and controls 1,800 miles of track. It has a system of car ferries across Lake Michigan, connecting with the Wisconsin roads, and thus makes a through line from St. Paul to New York and eastern points. The road connects at Port Huron with the Grand Trunk; at Detroit with the Vanderbilt system, Wabash, and Canadian Pacific, and at Toledo with the Pennsylvania system. There has been no increase of freight charges or passenger rates since the consolidation of the roads, and there has been no decrease of wages to employees. There has been, however, an increase of earnings, because the separate roads have thrown their traffic over the entire line so far as practicable instead of allowing it to be dissipated at junction points and delivered to other roads. (538, 539.)

2. *Interstate Commerce Commission.*—Mr. CRAPO is not in favor of giving to the Interstate Commerce Commission the right to fix rates in the first instance. The railroad managers are more competent to compute the cost of transportation and the tariff required on different classes of freight than is any board of railroad commissioners. It might be practicable to require approval by the Interstate Commerce Commission of the rates fixed, and that would perhaps protect the railroads from one another to some extent. It is probable that it would be beneficial to the commission, in making its findings upon complaint, to be able to compel the railroads to come before it and make defense. The commission might report its findings to a court with suggestions, and then the complaint could take the form of a judicial inquiry, the finding of the Interstate Commerce Commission not to go into effect until final judgment. It would depend upon the nature of the grievance whether or not it would be desirable to require the case, if contested in the court, to be advanced upon the docket. (539, 540, 541.)

3. *Pooling.*—Mr. CRAPO says that the prohibition of pooling has led to abuses by the railroads. It has been found that when the railroads engage in warfare against themselves the public suffer. Destructive competition, by means of rate cutting and the giving of rebates, has led not only to railroad bankruptcy, but to the making of discriminations in favor of particular shippers, the discriminations being always in favor of the large shippers and against the smaller ones. If pooling should be allowed under the supervision of the Interstate Commerce Commission, it is not likely that harm would come from it. (539.)

4. *Consolidation of railroads.*—Mr. CRAPO says that the unification of smaller and weaker railroad companies into one strong system results in greater economy in operation, and also furnishes greater facilities for the conduct of a satisfactory public service. Where the union of railroad companies is based upon present values, and is simply for the purpose of improving the service and strengthening the financial conditions, such union will prove successful and of advantage, both to stockholders and to the public. (539.)

5. *Transit-in-bond privilege.*—Mr. CRAPO thinks that New England would be very much injured if the Canadian railroads were shut off from transporting Western products into New England. There is quite a movement of cotton from St. Louis, which comes up through Toledo and Detroit. Some of it passes over the Pere Marquette road and is delivered to the Canadian Pacific or the Grand Trunk for transportation to New England. Flour from Minneapolis is carried through Wisconsin across Lake Michigan and across the State of Michigan and

delivered to the Grand Trunk for transportation to Boston. That route is shorter by 192 miles than is the route by way of Chicago over American lines, and it would be a great disadvantage to New England if that transportation should be stopped and everything forced on to the south side of Lake Erie. (540.)

B. Treatment of delinquents.—1. *Indeterminate sentences.*—Mr. Woods says that Massachusetts has a habitual criminal act, under which young criminals are first put on probation and then sent to reformatories. If it seems then that they are becoming habitual criminals, they can be sent for a longer time, even to the extent of a life sentence. Mr. Woods thinks that this principle should be applied to all delinquents, including the pauper, the drunkard, and the prostitute. A special type of institution is needed for such delinquents, especially in the early stages. It should carry with it the minimum of disgrace and the maximum of training. If, under suitable training, a delinquent improves and promises to be a useful citizen, he should be released; if not, he should be retained. (201.)

2. *Establishment of a penal colony.*—Mr. LIONEL J. SALOMON, treasurer of the American Rattan Company, thinks that it would be a good idea for the United States to establish a penal colony somewhere in the Philippines, as England did in the case of Australia. Many of the inmates of the prisons would, if separated from their associates, make good citizens. (721.)

3. *State control of children.*—Professor COMMONS says that the State of Minnesota has practically wiped out the hoodlum element of Minneapolis and St. Paul through the action of the Board of State Guardians for Children. This board has authority to take children from parents who are unable to control them. They have been doing this work for nearly 20 years. The effect of it does not depend altogether upon the actual number of children taken, but largely upon the moral effect which the possibility of such action has. When a child is taken away from one family a good effect is produced on the neighbors. The same system is used in Massachusetts. (45, 46.)

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TESTIMONY.

MANUFACTURES AND GENERAL BUSINESS.

WASHINGTON, D. C., November 9, 1900.

TESTIMONY OF RT. REV. H. C. POTTER.

Bishop of the Episcopal Church for the diocese of New York.

The commission met at 11 a. m. Vice-Chairman Phillips presiding. At that time Bishop H. C. Potter was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you please give your name, profession, official position, and post-office address?—A. H. C. Potter, bishop of the diocese of New York; 29 Lafayette place, New York City.

Q. We understand that you are here to give us information on the subjects of arbitration and the laboring men, in their sociological aspects. We shall be pleased to have you go on in your own way without leading questions, and state what you wish on these subjects.—A. I may say, in the first place, that the first issue about which I should be disposed to talk with the commission in regard to this whole business would be the matter of the use of terms. It would interest you—and that, I think, really would be of value, because it is part of the history of the interesting movement—if I say that my relation to labor and to laboring men, and to questions of wages and the like, which divide laboring men from employers, grew out of a movement in the State of New York some years ago, perhaps 10 or 12, part of which was the cooperation and initiative of people who otherwise were far apart, such as my friends Dr. Felix Adler, Mrs. Josephine Shaw Lowell, President Low, and two or three large employers of labor, and two or three labor leaders, including a walking delegate. We were brought together for the purpose of considering the organization of a board or society or commission, whatever it might be called, for the purpose of interposing in a reconciliatory way between workmen and their employers, and at the outset we discussed at considerable length the question of what we should call ourselves.

It will sound paradoxical if I say so, but we consider that our organization was of value, likely to be of valuable service, mainly because it was directly unauthorized. We were self-constituted; we were not created by the State, and I think our experience has vindicated the wisdom of our being an absolutely voluntary and self-constituted body. Nobody asked us to organize, and nobody in any official way has given us any authority, and yet we have been able during these years to be of very considerable use to a very various body of workmen.

In the matter of organization, as I say, our first question was as to how we should designate ourselves. We rejected the term arbitration because of its connection in the mind of the workingman, particularly, with bodies created by the legislature, and we wanted to preserve the voluntary elements in the whole thing, and we wanted to be modest, so we called ourselves and are to-day the Board of Mediation and Conciliation. We were composed as I have described. The secretary of the board was and is a typesetter. Before a great while we came to be known to workmen, and our assistance was invoked in a number of strikes. A very interesting one was the marble-workers' strike, which involved all the men who were marble-workers in and about New York City, whether they were marble sawers, planers, carvers, or setters, and which included a negotiation which covered some two or three weeks. In these meetings or gatherings for the purpose of bringing workmen and their employers together we maintained from the start the most absolute informality, and we encouraged the greatest

2 INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

unreserve in the expression both of opinions and convictions about facts. We met originally in a room in a building which is the official residence and headquarters of the bishop of New York. It is called Hobart Hall. This is a room and hall of a good deal of stateliness and dignity, fashioned exactly after the House of Lords, and is furnished with oak and red leather and with terrace seats—all that sort of thing. We got together there, workmen sitting on one side and the employers and the gentlemen who represented various colleges, like President Low, and others on the other side. We found the whole business exceedingly stiff and formal, and the character of the room itself and the distance at which we were from each other satisfied me after a meeting or two that we were not going to get the workmen to talk freely. When you oblige a man to get up on his feet at a distance from everybody else, having everybody criticising his clothes and manner, and so on, you are likely to get him at his worst. So one evening I said that the next meeting would be held at my house; and after that we sat at our table in my study like this—and I hope it will not shock you if I say we smoked and drank coffee—but we got down into the whole thing, through conversation and the social element, in such a way that we never would have gotten it otherwise. There were two tendencies which, in presiding over this meeting, I had to encounter. One was the tendency on the part of the employer to crowd the workmen when the workmen's statement of facts were not quite correct and precise, for which he had no training, of course, and an ill nature, which the French would describe as *de haut en bas*, from above to below that I checked instantly. I said, "You must remember, gentlemen, we are all equal in this room for the time being. I shall expect you to put restraint upon yourselves and to address anybody you are speaking to with careful courtesy and consideration." After while I got the workmen to speaking with great unreserve, and, what is of the most value, I got them to feel there was going to be fair play there without respect to any class or caste; that every man was going to have a good show. In that way we begot in the minds of the men whom we brought together there a disposition to recognize that there was no ulterior motive in the existence of this commission; that we were not a furtive body got together for the interests of capital, but there simply and only to serve both sides as far as we could and to create an atmosphere of mutual conciliation and mutual good understanding.

I should say distinctly that the highest services which that commission has rendered in the city of New York are not the services it has rendered in the individual cases of strikes and so on, but in the implanting in the minds of the working people the idea that there was a body of people in New York who represented things that were supposed to be of value—influence and character and position, etc.—who were on their side; who wanted to see fair play. I do not think anything ever touched me more than when I got through arbitrating this great strike with the marble-workers, the men who represented the workmen and the others, also, who were on the commission of arbitration asked me to go with them and have us all photographed together. That picture hangs in my house as one of the most precious heirlooms which I hope to leave to my children, because it was a symbol of the fraternal relation of human society. There you have gotten at the bottom fact of the whole business. The problem in modern life in any organized society is to prevent alienation and this misapprehension of classes; that, from the growth of wealth in a republic is just as great as in an empire. People drift apart. Not one of us in this room who is familiar with the early history of our country can fail to recognize the enormous contrast in social conditions to-day from those that existed 50 and, much more, 75 years ago. In a smaller community such as I grew up in—Schenectady, in central New York, or a village such as in Otsego County, in which I spent my boyhood—the life of the community was one. If there was poverty, it was recognized and known about, and the conditions under which it came about were known. If there was intemperance, that was recognized; and the ne'er-do-well people were not left as they are in modern life to an experience of such profound indifference, and the distances between the top and the bottom were so much less than they are to-day that the tendency was to help people mutually to understand one another. The mischief of the growth of wealth and luxury in a country like ours is that it practically destroys that condition. Of course when you go to the great metropolitan communities you get the foreign element, and you have got a condition of remoteness of a large portion of well-to-do people from the other people which is not less than their remoteness from the condition of people in the Philippine Islands or in Borneo—don't know any more about them; don't know how they live. The sad part of it is they do not want to know, as we do not enjoy hearing things painful to us. So, when issues between labor and capital come about, the element that is discreditable in it is the profound ignorance of intelligent people as to what brought them about. The story of the sweat

shops of New York, for instance, is a story which well-to-do people turn from, when they find it in the daily paper, as something unpleasant, and they do not want to read about it. It is a solvable problem. Something can be done to better the condition of the people who are being crushed by the injustice of sweat-shop work. We have not got far enough to feel that the thing that lies at the bottom of the relations of capital and labor is first of all to touch that enormous apathy, and somehow or other to move it and to weaken it." In that regard I am free to say myself that I am far more hopeful of voluntary organization for the reconciliation and mutual interpretation of one another by capital and labor than I am of legislation. Curiously enough, last winter, coming home from India, I met a gentleman who came from New Zealand, and I asked him about the working of this system. "Well," he said, "it is working very well so far as the conditions of capital and labor in New Zealand are concerned, but they are very elementary conditions, and it is extremely doubtful whether you could get them to work effectually under the more complex conditions of labor and capital in greater communities." That, I think, in any recommendation which such a body as this commission might make in regard to legislation, might wisely be considered. Just how far legislation should go is a principle concerning which there ought to be, from a body like this, an explicit deliverance, and a recognition of the fact that the great moral processes of moving a community are not in the shape of laws. There are features in the New Zealand scheme which I think of great value. The feature, for instance, that one of the arbitrators should be nominated by the representatives of organized labor is of great value, because if there is one thing that ought to be done explicitly in any pronouncement or declaration that is made in this country, it should be the recognition of the right of the workmen to organize. That should not be a debatable question any more, and it should be stated in a manly and unreserved way. And if he has a right to organize, he has also a right to be represented in any enactment which is made either by the State or Nation. The other feature, of course, is that which provides that another member of the board should be a capitalist or labor employer—call him what you please. That a judge of the Supreme Court should be the third and presiding member of this arbitration board struck me as being a provision of great value. But the weak point in it is that it is coercive. If either side demands arbitration then the other side has no discretion about it. It is competent for both sides to settle a difference about wages in some other way; but if one side goes to the authorities and demands arbitration then the other side must yield to it. Of course there you touch the question of the value of involuntary mechanisms, or any great movement of the sort. The law is simply the expression of a moral sense of a community, and unfortunately is too often so much beyond it that it suffers from what Mr. Cleveland I think would describe as innocuous desuetude. We have plenty of illustrations of that, as you know, in the city of New York just now.

The one point I wanted to bring out was that of aid. I believe in the value of somebody or commission which should exist for the purpose of interpreting, I like that phrase best, the labor organization and the capital organization to one another. I regard that as likely to be efficacious, if it is a voluntary organization, bringing us to see that underlying the whole question of the relation of capital to labor is the duty of a citizen, and especially the well-to-do citizen, to set himself to try to understand it. The mischiefs of the wild talk of labor are not greater than the mischiefs of the wild talk of capital. You get any body of men ordinarily talking about these questions and you will be amazed and disheartened by the reckless way in which they make statements which have no sufficient foundation in fact. This is fatal to the construction of any social order. I can say for myself, and I think I can say for my associates in the Board of Mediation and Conciliation of New York, that we have found our relations to workmen a daily education to us; that we have found in them a degree of intelligence and especially an instinct of fairness with which they are rarely credited; a disposition to be careful about statements of fact, and to recognize the tendencies of exaggeration among their own number, and to assist us—assist me particularly—in my relations with them in reaching conclusions, by making sacrifices. I should describe very imperfectly my experience with the work of bringing the workmen and their employers to an understanding if I did not say that I had been impressed with the disposition of the workman, if he saw that a concession on his side was likely to be met with a concession on the other side, to hasten to make it. The popular impression that the workman always wants to stand out in a sort of rigid and unreserved way for his demand is not in accordance with my experience.

Q. (By Mr. CLARKE.) Have you discovered any lessening of the opposition to the organization of labor in recent years?—A. Yes; distinctly. I think our

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American instinct of fairness, a national quality, is illustrated in that. I have been very much struck with the frank acknowledgment of the perfect right of workmen to organize—and in some cases on the part of the employers, with the expression of the wish that they would—for the reason that they would much rather deal with a body which had a certain responsibility, from the fact that it was an organization, than with irresponsible persons. And then, too, I have been impressed with the disposition of employers to readjust their points of view with reference to particular features in labor organizations which at first were particularly offensive to them. As I stated, in this body to which I refer, we have had now and then what are called walking delegates. Well, a walking delegate is a particularly obnoxious personage to the employer, and I remember very well a discussion on one occasion where a large employer of labor said: "Why is it that we can not deal, when there is a strike, with our own workmen; that all the negotiations must be carried on through an outsider with whom we have no relation whatever—who is a walking delegate? Do you not see you would stand a better chance of getting good terms if you were a workman of ours and came to us with two or three of your associates and said, Mr. So and So, we do not think we are getting a fair wage and we are going to pull out unless you do better by us? Do you not think we would rather discuss these questions with you than with persons who are entirely irresponsible and have no relations with us whatever?" The young man said: "Yes; I can quite understand that from your point of view." He then told how that worked so far as the workman is concerned. He said: "I have been engaged in this branch of industry for a great many years under various employers, but I have always noted this fact, that whenever a body of employees appointed a committee of three men or two men or one man to go to the employer and represent what they thought would be fair as to wages, whether or no the demand was conceded, that particular workman, or these particular workmen, sooner or later disappeared out of this gentleman's employ." "Now," he said: "you would admit we have got to have a representative; somebody must speak for us, and if a man can not speak for us without it be at the cost of his place, we have no right to ask him to make that sacrifice. So you must take somebody outside of any place and we must take care of him ourselves and have him as our representative and pay him." I was very much impressed with the whole scene, which was rather dramatic.

Q. Have you discovered any improvement in the manner of negotiating between masters and men in recent years?—A. Yes; I should say so, if by manner you mean the readiness of employers and laborers to conduct the inquiry upon certain predetermined lines and hold them to these lines.

Q. They are more diplomatic and less rigid and incorrigible?—A. Exactly. They are more intelligent, I think, in that respect in all departments of labor—certainly with which I have dealt and been connected. For instance, in this marble workers' strike, there you have got what is purely a manual task, for the men stay at one end of a big saw and move it to and fro, or move something to polish a piece of marble. You would say that is about as low a type of industry, as little intelligence required, as you could find, and yet the intelligence of the men who are doing that work or those who speak for them, aiding them, is something always interesting and encouraging. In this particular strike to which I refer we had Italians, Germans, Irishmen, and Americans, and yet there was not any choice as to the clearness in which they made their points known, or their readiness to consider a point in opposition, or their capacity, apparently, to do so. I should say for myself that my impression of the average intelligence of the workmen was very greatly raised by my personal dealings in cases of this sort of strikes.

Q. Has there been any noticeable improvement in the disposition of employers to be fair toward their employees?—A. Oh, I think so; distinctly. It seems to me that the mental history of the process is substantially this: Your first instinct and mine, when anybody undertakes to interfere with our private business, is to say they can not do it. I saw in the West somewhere—in Chicago, if I am not mistaken—something of the sort. There is now an organization of servant girls. Before taking situations they demand certificates of the character of their lady who employs them. I can imagine a woman saying that is intolerable; yet it is perfectly reasonable, and there is a point of view also from which it would be perfectly equitable. I certainly, if I am going into your employ, have the right to know first of all whether you are solvent, whether you are competent to pay my wages, and then whether it is a decent house, if I am a pure young woman, and whether I am going to compromise my character. To take the thing back to the larger aspect, the employers have recognized very frankly the demands of the workmen which they fought in convention, and their right of private

judgment in discussion, which capital is bound to respect. In that way I think a betterment of public sentiment, so far as I have encountered it, has come to pass.

Q. Since you began to study this question has there been a great improvement in the material and moral condition of the working class in New York?—A. I do not know whether I should use the adjective "great." There has been an improvement, and I think it could be said to be a cooperative improvement. I think the condition of the homes of the poor is better in New York than it was 10 years ago, or, still more, 20 years ago. The legislation in the direction of improving the homes of the poor has been on the whole judicious and wholesome, and has been fairly well enforced. The disposition of a number of capitalists to erect a class of tenement houses of an improved kind, which shall have sanitary conditions and moral conditions, in the direction of the protection of the virtue and decency of families, has been very marked, indeed. It lags a long way behind what we ought to have done. There is a strong disposition, however, to press for greater improvement in that direction. I think there is abundant evidence of it. A movement of that sort gets cumulative force and gains fast. The experiments in regard to improved tenements have on the whole been encouraging and reassuring.

We get in a great city like New York, as you all know, a vast mass of people who come to us from all kindreds and tongues, and a great many of them have first of all to be educated up to a certain standard of decent living. I do not suppose there is one person in ten thousand who realizes the character of New York in that particular. If I may volunteer to mention it, one of my clergy came to me not long ago and asked me if I would give him a letter to a rector in order that he could get the use of a chapel for services for Mesopotamians. Now, I should not like to embarrass any gentleman in this room by asking him where Mesopotamia is. This clergyman was a native Armenian and has charge of an Armenian congregation. He said to me, "I should like to have services for these Mesopotamians." I said, "Really, can't you have the handful of these Mesopotamians come to your congregation?" He smiled and said, with an air of superior knowledge, "Perhaps you do not know" (I certainly did not), "but the Mesopotamian tongue is utterly different from the Armenian. What is your idea of a handful?" "I suppose there may be 25 or 50 of these people here." He said, "If you will come with me this morning, within three blocks of where we are at this moment I will show you a settlement of 800 families of Mesopotamians, of which the city of New York is just as ignorant as it is of the condition of Dahomey. If you go into their houses you hear nothing but their tongue spoken." I asked him how they came here and what they were doing. He said they were brought over by corporations, companies that manufacture cheap jewelry; that was their particular art, and they were good workmen.

To come back to the tenement house and all that, you can't teach a person who has lived in the East and with Eastern ways to use a Western house and Western conveniences at first with much success or respect, but that process of education in the large foreign elements is getting on well and hopefully, and among them there are a great many very estimable, self-respecting, and excellent people. You can not dismiss any race or nationality in New York en masse and say they are a bad lot.

Q. As a whole they are a thrifty people, are they not?—A. Very thrifty. Whether they are anarchistic or revolutionary in their tendencies, they find that their wage gives them a chance to put away money, and the socialist and proletariat becomes conservative just as soon as he gets money in the savings bank. He is not destructive any more. That is the process that is going on. The history of the small accounts in the savings banks is one of the most dramatic stories in the history of a great State.

Q. Do these people shortly after coming begin to improve in their habits of dress and living?—A. Oh, yes.

Q. Do you know of any organized effort to teach them Western ways?—A. Yes. For instance, I have a good many of them in those schools of ours which are down in Stanton street, New York, of which you have probably heard. Stanton street is in the most densely populated ward in the world, not excepting Canton, with as many people as are there, because the buildings are so high. We have there sewing schools and gymnasia, and especially cooking schools and other departments of industrial training. All these people come without any reference to their religious associations or traditions, and they are very apt, indeed. I should be very glad to have you come down and see our cooking school and see if you could do better in the way of a chop or omelet or rice pudding. We should be very glad to serve you there.

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Q. Is this like the social settlement of the Hebrews?—A. Yes; it is like all that work which is described in Chicago, New York, and elsewhere as college-settlement work.

Q. You say that these Mesopotamians were brought here or induced to come here by the manufacturers of cheap jewelry?—A. That was my information. Of course, it was not a case of contract labor. They came in families and came of their own motion; they take their chances without exception.

Q. Do they begin to work for lower wages than the average American scale prevailing in that industry at the time of their arrival?—A. That I can not say. I have no means of knowing. This clergyman of mine had no information on that subject at all.

Q. Has any labor difficulty arisen with that class of people within your knowledge?—A. No; not with that particular race. The Hebrews have had difficulties with their employers, and we have interposed in such cases once or twice successfully; not always.

Q. Are most of the employers of Hebrews themselves Hebrews?—A. Yes; so far as I know.

Q. Do you think that labor is as well rewarded voluntarily by that class of employers as by others generally?—A. I do not think it is as well rewarded voluntarily by anybody as it is likely to be when you get some organization or mechanism which presents the claim of labor in a forcible and intelligent way. I do not suppose you or I would be likely to pay our coachman as much, or our cook as much, as if we were not aware that the lady in the next house was willing to pay her more. I do not see why you have not got the principle which governs the whole question. A workman is, of course, worth what he is not only to you but to somebody else, and I suppose one of the great services which organized labor renders to those who are associated in it is that it brings to the mind of the employer in a concrete form the justice of its demands. Human selfishness, in other words, is not as sensitive to the other fellow as it ought to be.

Q. Granting the truth and force of what you have stated in that matter, let me inquire if you do not think there is a growing disposition on the part of employers to recognize justice in the matter of wages, and also that there is an enlightened self-interest by having a very large consuming population living somewhere near up to the standard of liberal wages?—A. Most inspiring. I should then go further than that. I should say that apart from enlightened selfishness there was a human instinct, a fraternal instinct, in the minds of employers to-day which was widely diffused all over the world. It exists in France to a most impressive degree, and in England to an equally impressive degree, and here. I do not think that the popular mind in its devotion to the working people does justice to the growth of that or finds illustrations of it right under its eye in shops and factories, of which I have personal knowledge—painstaking efforts for the comforts, the well-being and health of employees. The disposition to consider them as fellow-creatures, men and brethren, I think is one of the most encouraging notes in the whole social labor problem to-day. For anybody to take a pessimistic view of it is both unjust and reprehensible. The thing behind it you have got to recognize is that in all such matters the great enemy of good is ignorance, and that as the value and truth of enlightened relations between the classes breaks upon the minds of people they take hold of instrumentalities for bettering them. But you take the great shops in New York like Wanamaker's and Macey's, and others—I have often thought that nothing could be more valuable than that some one should prepare a paper and illustrate it in order to show what great employers are doing for the comfort and well-being of their people, and how that is an illustration of the large improvement found in a great many cases.

Q. Do you think that tendency is increasing?—A. Yes.

Q. Are the tenements of New York, inhabited by the industrial population, owned largely by people of large means?—A. That is a difficult question to answer. I should say from my own knowledge not nearly so largely as is generally supposed. I think that great owners of real estate in New York avoid that kind of property now as an investment. It is troublesome; it needs constant vigilance. The question of repairs is very serious, especially where you have got people who are reckless in the way of water and faucets and windows, and things that are destructible. My own impression is that the great owners of real estate seek a class of property above that. I fancy tenement property is owned very considerably in New York by Hebrews, and that it is owned a good deal by people not of great wealth; but I have not, I ought to add, such definite information as makes my judgment of any value.

Q. Do you not think that the elevation of the industrial classes depends very largely upon the houses in which they live?—A. Yes; largely.

H. C. POTTER:—ARBITRATION.

Q. Is there any organized effort in New York to bring influence to bear upon the owners of these houses to improve them?—A. No; no organized effort that I know of. The movements such as are represented by college settlements include a very high class of citizens, public spirited, representing wealth and traditional social culture and influence, and that is very considerably enlisted undoubtedly in that direction, but you can't call it an organized movement.

Q. Has there been legislation on that subject?—A. Yes; a good deal of it.

Q. Has it had good effect?—A. I should say so on the whole; yes. Of course it depends very much upon the efficiency with which it is enforced, and there you get down to the question of an efficient police system.

Q. Do you know whether or not the trade unions have given any attention to the subject?—A. I do not. I think that is one of the defects at present. For instance, in the building of tenement houses we have not succeeded in getting in small shareholders. We never shall achieve any great results in elevating the conditions in any great or small center unless we can unite classes at both ends. So long as model tenement houses are built for people and not by them, and owned for people and not by them, you come back to what I said a moment ago of the dangers of the attitude toward the laboring man *de haut en bas*, the attitude of condescension, which is the most mischievous element you could have. The efforts in France in that direction, unless I am misinformed, have been very successful. Of course they are troublesome, and they do not tempt capitalists who are using their money for business; but if we could get organizations of capitalists and laboring men together, in which the laboring men could be shareholders, to however small a degree, and have some vote and direct interest in its maintenance and the betterment of the fabric, I think that should make a move forward of very great value. That is in the air, but I think it is coming.

Q. I understand you to say, speaking of the New Zealand system of arbitration, that you regard the compulsory feature as a weak element?—A. Yes; I do.

Q. You would not think it advisable to introduce that in this country, then?—A. No; I should apprehend bad results from that. First, an antagonism to it as a coercive method of settling questions of great delicacy and difficulty, and then the inevitable endeavor, in which we are very skillful people, to circumvent the law in some way, to get around it and dodge it. It would be a dead letter, and that is one of the most vicious features of the history of statutes that I see—that there are so many laws that are dead letters. It is a great principle which we ought to nail up on the sky, it is the best government that governs least. Making laws ought to be regarded as only worse than not having any laws. Having a moral sense in a community to do a thing is ten thousand times better than law. The difficulty about any law like that of New Zealand is that our relations between capital and labor are so delicate and complicated that there would be so many instances in which, by some ingenuity, the law would be circumvented.

Q. You think the law should in some tentative way encourage arbitration?—A. Oh, decidedly. If you could have a law which should provide just the New Zealand mechanism without the coercive feature in it, it would, I think, be of great use.

Q. How would it impress you to have the requirement in the law that whenever a labor dispute arises which is liable to become acute, arbitration must be offered?—A. Not absolutely, though that would have been the line to have taken the other day in Pennsylvania. There was no doubt about the readiness of one side there to arbitrate. That whole condition was accentuated and the employers ultimately beaten because they would not arbitrate.

Q. It is your belief, then, that public opinion largely favors arbitration?—A. Most distinctly, and that it would be of great moral value to put a person who was in the wrong conspicuously in the wrong in the public eye.

I would like to read a passage from Mr. Lloyd's book as to the New Zealand system. I think it is a capital system with the elimination of that coercive feature.

(Reading:) "The court of arbitration consists of 3 persons, who hold for 3 years, appointed by the governor-general, and of the 3 appointees 1 must be chosen by him from men nominated by workmen."

That is a discreet proviso. Suppose the workmen appointed directly. They might choose the most offensive man they had; but they must choose, I suppose, 2 or 3, and the governor-general may take any one of them.

(Reading:) "And 1 from among men nominated by the capitalists."

There must be 2 or 3 nominated, and the governor-general must have an option.

(Reading:) "The third is a judge of the supreme court. This democratic representation of labor and capital insures to each throughout the proceedings that their interests are protected by men of their own class familiar with the com-

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ditions of their life and industry. It insures that the casting vote of the chairman is given with men by his side to make clear all the technicalities and difficulties of the questions at issue.

"The selection of a judge of the supreme court to preside and to give the final and decisive vote satisfies the contestants and the people that the state, on its side, contributes to the inquiry and the decision the best it has of dignity, experience, and impartiality.

"If the question before the board or court is of more than usual complexity, 2 experts may be chosen by the 2 parties to act as full members of the court and to see that the decision is made with full understanding of all the points. Experts are frequently called in in this way. For special emergencies there may be special boards elected.

"Neither board nor court intervene in any dispute of their own motion, but, like other courts, only when one of the parties or both appear before them. The compulsion in the law is not that the state of itself compels the parties to arbitrate, but that if one desires to arbitrate instead of fighting the state says the other must not fight, but arbitrate."

Q. (By Mr. CLARKE.) Do you think that the fact that they have no strikes in that country, and that compulsory arbitration is successful, is due to the primitive and simple conditions there compared with our own, and that that principle might not work well here?—A. Well, yes; I think that is just precisely the key to the whole situation. The dominant class in New Zealand is the agricultural class, not the manufacturing class. In our Western phrase, New Zealand is run by farmers; you can not say that of the United States. They have got a very simple and elementary community there as compared with ours.

Q. Have you discovered any strong opposition to the compulsory feature of arbitration among either employers or employed in this country?—A. No; I can not say that I have any information that would enable me to answer that question.

Q. It is a matter of theory, then, and not demonstration?—A. Undoubtedly, entirely; it is all my own impression; it is, of course, of no value as far as the testimony is concerned.

Q. Would you consider that even compulsory arbitration, objectionable as that feature of it may seem, would still be a less evil than a prolonged strike or lock-out?—A. Yes, I should think so; at any rate I should be quite willing to acquiesce for my responsibility in legislation of that sort which might be experimental in character. Certainly no intelligent person can feel that a strike per se is anything less—in its physical conceptions, I mean—than a reversion to the primitive type, as the ethnologists would say. It is going back to barbarism. You can not settle questions of that kind in that way; and we ought to have got far enough, in a civilization like ours, to settle questions of that kind in some other way than that which involves the demonstrations which usually accompany strikes. But, as between the two, I should feel that certainly it was worth while to attempt the experiment involved in legislation even of a compulsory character, though I should not be very hopeful about it.

Q. Have you studied the subject of organization by workmen and by employers enough to come to any conclusion as to what are the proper limitations of such organization?—A. No; I should not like to answer that—to define that. Of course, as to both cases, a person situated as I am is a layman, he is an outsider, and he would look at it in a larger and a looser way.

Q. (By Mr. FARQUHAR.) I think the commission would like to learn something from you about these so-called college settlements; the initiative of them, and how they have progressed, and what is the effect of them.—A. The college settlement you have in mind is that of Mr. Reynolds, and I see you will have him here in a few days as a witness. The college settlement is one of the most interesting developments as confirming what I said a moment ago as to the hopefulness of the present situation. Of course, in great centers a great deal of what may be called humanitarian work has been done; as, for instance, I am working under ecclesiastical auspices, and it has been done under religious features. But equally there are a great many people to whom that relation would be embarrassing, and there are people who feel very keenly, too, particularly in the case of young men, the misery and wretchedness of a great many social conditions that exist in connection with capital and labor, and you recognize—as Mr. Wyckoff has done, whose admirable paper, I think in Scribner's lately, gave, I think, much the most valuable testimony of an experimental character in regard to the condition of the laboring man in America to-day—the keen interest in the minds of college men in these questions. The college settlement grew up originally out of the desire of college men in England to get closer to the laboring classes, and because of their keen apprehension of the danger of alienation of classes. The

first of them was the famous Oxford House in London, which was founded and organized, as you know, by a number of Oxford men who went and lived in what we would call the slums here, and interested themselves in the social conditions and recreations of these people who are at the bottom of the social scale. Then there followed the interesting and very notable experiment which, from the name of its founder, was called Toynbee Hall. Mr. Toynbee was a gentleman of fortune who came out of Cambridge and founded this hall, which, if you ever go to London, I hope you will go and see; and there you will see one of the most marvelous illustrations of wisdom and sympathy and tact in dealing with the conditions of the working masses in London. As to what may be done here in this country, undoubtedly the success of those experiments produced in this country the college settlement; and the college settlements in New York, Chicago, Boston, and elsewhere, are houses in which young men live in community and in which, for a certain period in the year, they give themselves to live among those people to study their social conditions and enter the service. They give from 1 to 2 or 3 months; men give their whole summer vacations and spend their whole time there. We have such a house in what is called pro-cathedral work in Staunton street, New York, in which men come from all over the country and live in the very simple way in which we provide for them there—the plainest living; and they teach classes and they visit and they do whatever we order them to do. Now, those things are existing all over the country in great cities. They are certainly most inspiring and interest the very best element, so far as the future is concerned, of the young men in effecting any great betterment of social conditions. They have all sorts of schemes for providing recreation and declamations and debates among those boys. They get at them. However, that is Mr. Reynolds's problem, and when he comes he will tell you; and I wish you would ask him to tell you of the work that is being done in what is called the Nurses' Home, under the auspices of Mr. Jacob Schiff, a great Hebrew banker of New York, a man of very high character and quality, who has maintained at his own cost in different parts of the city two or three houses in which gentlewomen of refinement live and do most useful work in connection with women.

Q. Has the Episcopal Church, outside of its own special church organization, any society that cares for these working classes?—A. Not outside of parochial organization.

Q. All simply that one?—A. Yes.

Q. You have no general society, then, in the city of New York?—A. No.

Q. What success have you met there in your church organization in the care of the poor and the outcast?—A. Oh, most remarkable, most encouraging in awakening in them good and decent ambitions, and creating a feeling of enthusiasm for service on their own part. Of course, those are stories that can not be told in public; but one of the things that we very imperfectly recognize—those of us whose conditions in life are more favored—is the high instinct and genuine nobility and unselfishness which may exist under conditions which would seem to us to be most hopeless, conditions of great poverty and often want of employment, and great pressure in the direction of evil living, if they wanted to go that way for a piece of bread. I spent some 6 weeks, 8 or 4 years ago, during midsummer, in our community house in Staunton street, and I devoted a large part of each day and evening to receiving anybody who wanted to come to me about any conceivable trouble. There were a great many factories shut down in the neighborhood; there was a good deal of poverty, of which I had reason to know more directly. I was there about 6 weeks, and during all that time, while I had all kinds of visitors, days and nights, young men, young women, grown people, and boys and girls, in all kinds of sorrows, and shames, and troubles, I never was asked for a penny. It was known that I had behind me the Episcopal Church of New York. But while I was asked for all kinds of counsel and sympathy, I never was asked for money, directly or indirectly. I had gentlemen who wrote to me from Albany, and Brooklyn, and Jersey City, who said I was down there to be struck for dollars; but that was all. Now, what are you going to think about people who are of as fine fiber as that, the most redeemable quality in our social order? They have just the same sympathies, and character, and purity, and self-respect, and chastity, and honor, as you and I have.

Q. What means of self-help do they use there in your churches, industrial schools?—A. Yes, we have industrial schools of two or three kinds. We have savings banks, and a kind of organization for boys, personally conducted; and the young girls' clubs are administered by ladies who know the lack of these girls with whom they are in constant touch. It is the sympathetic nerve that is awakened, and kept throbbing, and saving society, after all.

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Q. Does the interest in this reform permeate the congregations generally, or is it left largely to a few ladies who put forward their own special efforts?—**A.** That is rather a large question. I should say that the sympathetic interest is a growing one all the time and that it is very considerable. Of course the element of active service and helpfulness does not represent a majority of any given congregation, for instance, though it represents a growing element in it; and the large consecration of wealth for that kind of work in the city of New York is something that the modern world has no idea of. If one could see the buildings in connection, for instance, with such a church as Grace Church, New York, over on the East Side, the vast and beautiful structures that they have reared there in connection with their settlement work, and up in Ninety-second street, I think, where one old Dutch family, the Rhinelanders, have built a most beautiful model group of buildings of the same kind, you could get an illustration of what is being done and what the world never hears anything about or takes into account.

Q. Do you think that these organized communities are enlarging very much in New York with your denomination?—**A.** Yes.

Q. Does your hope lie very much in the church organization to carry forward this reform at first?—**A.** I think that is a matter of indifference. My hope lies most in the individual. I am not a machine man. I do not believe in an institution of charity. An institution of charity is a mechanism which opens the door for personal contact, and I believe in the growth in the popular conscience of the community of a sense of personal responsibility and in the development of a capacity for service. The great difficulty to-day is that the business or professional man or woman of society has ordinarily so little aptitude for doing anything; very much like that young woman who, during the civil war, insisted on bathing the head of a soldier. He said, "Well, Madame, you can do it if you want to, but you are the fourteenth lady who has done it this morning." She said, "Well, that is all I know how to do." They do not know how. But you will be very much surprised to see what is being done, and you would be surprised to go to St. George's Church, New York, and see the Bible class of 250 young men that Seth Low teaches every Sunday morning. You will be surprised at how much of that kind of thing is done; it is a social savor; it sweetens the whole air. There is one word I should like to say in connection with the report of the arbitration by me of this lithographers' strike in New York, and that is that whatever wisdom there is in that paper is largely the product of the brain of my friend Dr. Felix Adler, to whom I was greatly indebted in connection with the preparation of it.

Q. (By Mr. CLARKE.) When did that strike occur?—**A.** That occurred in 1896.

Q. In what book is this report?—**A.** (Producing book.) In this Tenth Annual Report of the Board of Mediation and Arbitration of New York. And in that connection I should like, if I might venture, to suggest that you would get nobody in our part of the world whose judgment and scientific knowledge would be of any more value to you than Dr. Felix Adler's. He knows this question in all its forms.

Q. (By Mr. FARQUHAR.) In the settlement of that lithographers' strike in New York in 1896 you made a decision shortening the hours of labor. Could you give the commission your views on the economic or the social reasons involved in shortening the hours of labor?—**A.** I should say generally that I was influenced in that decision by the conviction that the human mind has in departments of higher activity—and lithographic work as a mechanical art comes under that description—power of so much sustained attention that, after a certain time—and the analogy there holds good in all mental exercises—that power is not only greatly weakened, but it becomes so far debilitated as to invalidate the excellence of the work. Applied to other forms of labor, it would be possible for a man to do a longer stint of work without fatigue. But I think that the quality of his labor is so much better with the shorter hours that from the purely economic view it is worth while to shorten it; in other words, that the employer would gain.

Q. Your decision, I believe, was for 47½ hours?—**A.** Yes; a week.

Q. Then, would your judgment be that the hours of labor ought to be regulated by the conditions of the workingmen?—**A.** I think so. I do not think you can make any hard and fast general rule. You and I would not like it.

Q. In other words, it should be gauged by the efficiency of the person himself and lack of efficiency, being extended as a basis, over a period of say 7 or 8 or 9 hours?—**A.** Yes; be gauged by the efficiency of the man and by the nature of the task, what the work takes out of a man. Talking to railroad people, I find that there comes to be a very definite conception of the length of time during which a man can stand in front of a throttle valve and run an express train. And that must be determined by what he is doing; applying such principles as that, I mean.

Q. Was not this feature involved in that strike—that if Mr. Bean and the other employers who were involved in this disagreement should agree to very much shorten the hours their competitors working outside of the organizations would have the benefit and the trade would be apt to pass away from those who made concessions to their workmen in shortening the hours?—A. I do not recall that particular feature of the decision now, but I should say that you can not take a step in any right direction without apparent consequences of that sort. You must make a beginning somewhere. It must impinge upon somebody, and the hope is that you can pull up the whole line to a higher standard.

Q. While you believe in voluntary arbitration and not in the rigidity of State arbitration, do you not also believe that associated employers themselves and their workmen are more apt to settle these disturbances between themselves than by calling in the State or outside parties?—A. Most distinctly. Leave the arbitration business on the outside. It is far better that you and I should get together in a room and settle a difficulty between ourselves without referring to anybody outside.

Q. Do you find in making your arbitrations that the employers regard you as outsiders—you a clergyman and others of different professions—invading their rights to deal with their men?—A. Yes; I do.

Q. Do you find in almost all cases that employers regard it as an invasion of their rights for outsiders to take any interest in their business?—A. Yes. They treated us with a condescending, complacent courtesy, but they did not see what business I had with it, and I was perfectly sensible of that. You can not have an arbitration without it. But I am quite ready to believe that the whole theory of arbitration should be regarded as a dernier resort—something to go to when you have got past the other. The ideal society is where, of course, organizations or individuals, being at issue with one another, come together and talk it over and come to an agreement with each other. That is a much higher order.

Q. You said that strikes had the elements of and were really a relic of barbarism. Since the dissolution of the old guilds, do you not think that strikes were necessities on the part of workmen?—A. Oh, yes. War is a necessity.

Q. Do you also think, as a general proposition, that until the employees are satisfied of the existence of force enough on the part of the employees to meet them, as well as probably the justice of the propositions, that they will contend against any enlargement of wages or shortening of hours?—A. Inevitably.

Q. And your desire is to bring in the element of fair play and conciliation and mediation before you resort to arbitration?—A. It is, yes.

Q. (By Mr. PHILLIPS.) You speak of the difficulty of regulating these subjects by law. Has not the situation in the city of New York been greatly benefited by the factory inspection laws and laws pertaining to the sweat shops?—A. Oh, yes. I should distinctly except all law which involves the turning on of the light. That is another question.

Q. The sweating system has been very greatly improved by the factory laws?—A. Oh, yes, indeed. That is a case precisely analogous to the case of inspection of public institutions by persons appointed for that purpose—institutions which are supported by the State. That was the great fight that we had in New York in connection with the creation of the State Charities Aid Association and the Charity Organization Society. There must be somebody with the right to go into any hospital or asylum that was receiving public money and see how it was conducted. That right of visitation was a sacred right. Legislation of that kind is always valuable.

Q. Do you think the State can accomplish anything important in regard to the unemployed by means of legislation?—A. I am not sanguine in regard to that, no. I think we have great natural laws which are at work, and that while it might be conceivable that it would be worth while in certain emergencies to assist people in finding labor—as in transporting them long distances—that on the whole when the State goes into that business it interferes in a way with the freedom of action of individuals. I am greatly in favor of teaching the liberty of the citizen. You can make a law that gets me out of bed at a certain hour or dresses me at a certain hour, but that is not making the man; that is not a man; that is not manhood.

Q. (By Mr. LITCHMAN.) I have understood from your remarks here that you were disinclined to so-called compulsory arbitration. I would like to hear your opinion as to how you would meet a difficulty where the employer is represented by a large aggregation of capital, such as a trust or combine or corporation, that absolutely refuses to arbitrate or to enter upon any mediation or conciliation with a large mass of men that are employed by it, and where it is such an enterprise or occupation that the public at large suffers through the cessation of employ-

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ment or through the dispute between the employer and the employed—how would you reach that?—A. I know no coercive way to reach that that I should care to recommend.

Q. I merely wanted you to go just a step further and say whether or not in an instance of that kind the power of the State may not justly be invoked to compel some sort of a settlement, on the ground that the interest of the public at large is of sufficient importance to prevent the suffering that necessarily ensues.—A. Such a situation is conceivable, but I confess I should have more hope in the ultimate value of sound public opinion in coercing the corporation, and as being worth while to wait for that.

Q. But we are now in a transition state, which is bringing to us a different condition of employment both as regards employers, as represented in the manner I have stated, and the employed. Large aggregations of capital are taking the places of the individual corporation and the individual employer, and remedies which were easy of application where the employment was between man and man or between one corporation and its men are not as applicable under conditions where these combinations get together in larger aggregations; and I wanted to know whether you had thought that out sufficiently to give us a suggestion.—A. The remedy for that is in the more thorough and extensive organization of labor. Labor has always lagged behind the other and will sooner or later come up to it.

Q. You think there should be a general organization of labor?—A. Yes.

Q. To meet the organization of capital?—A. That should have the help of men of brains and capital who are not laboring men. There is no greater service that men of brains and character can render, I think, than assisting an intelligent organization of labor.

(Testimony closed.)

WASHINGTON, D. C., November 10, 1900.

TESTIMONY OF MR. H. W. STEINBISS,

General Secretary-Treasurer of the National Building Trades Council of America.

The commission met at 10.45 a. m., Vice-Chairman Phillips presiding. At that time Mr. H. W. Steinbiss, of St. Louis, Mo., was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you please give your name?—A. H. W. Steinbiss.

Q. Post-office address?—A. St. Louis, Mo.

Q. And official position?—A. General secretary-treasurer of the National Building Trades Council of America.

Q. When was this national organization formed?—A. December, 1897.

Q. Is it a delegate body?—A. It is a delegate body; yes.

Q. How often does it meet?—A. Once a year.

Q. What are its relations to the subsidiary bodies in regard to their policy on labor questions?—A. Advisory and legislative.

Q. Has it an executive committee which has any power to act without instruction from the delegate body?—A. Yes; the general executive board.

Q. Has it a set of by-laws?—A. The executive board itself?

Q. Yes.—A. No.

Q. Has the national organization a set of by-laws?—A. Yes.

Q. How large is the national body?—A. Actual membership, about 250,000. I say actual because, for instance, New York, while not directly affiliated, looks to the National Building Trades Council for advice, information, and aid voluntarily. Conditions exist there which would make it not perhaps impossible but inadvisable to admit them to the National Building Trades Council, there being dual organizations of the Building Trades Council there.

Q. Are the local constituents of the national body building trades councils, or are they unions in the building trades?—A. They are building trades councils formed by the building trades unions.

Q. How many States are represented in the national organization?—A. We have St. Louis, Webb City, St. Joseph, and Kansas City, Mo.; Chicago, Ill.; Omaha, Nebr.; Cincinnati, Ohio; Milwaukee, Wis.; Duluth, Minn.; East St. Louis, Ill.; Evansville, Ind.; Sioux City, Iowa; Edwardsville, Ill.; Alton, Ill.; Worcester, Mass.; Fort Worth, Tex.; Dallas, Tex.; Peoria, Ill.; Kenosha, Wis.; Waukegan, Wis.; Jersey City, N. J.; Belleville, Ill.; Savannah, Ga.; Memphis, Tenn. Those are the cities that are now represented.

Q. (By Mr. PHILLIPS.) And the States?—A. And the States.

Q. (By Mr. CLARKE.) I notice that only three Southern States are represented. Has there been less effort made to organize councils in the South than in the North?—A. It must be understood that as our organization is young there has not been much effort made outside of that officially made by the secretary. We have no organizers. It is only lately that we have appointed volunteer organizers, but not under any pay.

Q. Labor in the building trades is better organized in the North than in the South?—A. Yes.

Q. We would like to have you go on in your own way and state what efforts the national council has made to promote arbitration and conciliation in any place where difficulties have arisen.—A. There is only one where the convention has taken action, and that is in relation to the coming world's fair in St. Louis, advising the building trades council of St. Louis, in conjunction with the resident national officers, to make an agreement with the proper authorities of the world's fair to so arrange a system which will entirely preclude the possibility of a strike. The National Building Trades Council has a provision which places the general executive board as a board of arbitration in cases of strikes or lockouts, providing the local building trades council where the strike or lockout occurs asks for it. Our principle is to give local autonomy, and for that reason no definite action has been taken. The part of our constitution bearing on that subject reads as follows (reading): "Whereas it is one of the main objects of the National Building Trades Council to abolish strikes and lockouts, or at least reduce them to a minimum;

"And whereas it has been provided that wherever introduced a joint conference board or board of arbitration, composed of representatives of local building trades councils and master builders, has accomplished this result: Therefore be it

"Resolved, That we hereby request all building trades councils to work to the best of their ability to establish such conference or arbitration boards with associations of master builders wherever practicable.

"The general executive board shall hold themselves in readiness to act as an arbitration committee in case of strike or lockout when called on to do so by a local building trades council or a national body affiliated."

Now, had this been complied with by the Chicago Building Trades Council, I do not believe that lockout there would have assumed that proportion; I believe that we would have been able to settle it.

Q. Did they make no petition to the national body for arbitration?—A. No; on the contrary, they thought they could succeed alone in their own way.

Q. Did your executive board attempt to influence them to arbitrate?—A. I placed this matter before them and told them that I thought everything should be tried, but they seemed to think differently, I presume, and saw fit not to adopt it.

Q. Are the various local councils organized on substantially the same plan, or do they differ somewhat in their methods of procedure?—A. They only differ in representation, perhaps, which is governed by local conditions. For instance, where there are not many of the building trades in existence—small towns—their representation differs from those of larger cities. They have more representatives and have representatives of the different trades.

Q. In Chicago the Building Trades Council submits any proposition for arbitration or settlement of a difficulty between a union and the contractors to the whole bodies of members of the various unions affiliated with the building trades council in the form of a postal-card referendum?—A. I did not know that.

Q. Is that done in other cities?—A. No; not entirely. In St. Louis they have, for instance, a board of business agents, or what we term the board of arbitration, composed, I believe, of 24 men now. These people are elected and paid by the unions or the trades for which they are appointed. They are a part of the building trades council; in fact, the power of the executive board has been transferred to them. And they meet daily at 4 o'clock, make their reports after having visited the various parts of the city, and decide what shall be done by the arbitration committee. Their report again is made weekly to the building trades council, and is either approved or rejected—generally approved; very seldom that their reports have been rejected.

Q. In all such cases, then, the building trades council seems to possess plenary authority to determine what shall be done?—A. Not entirely so. Very important matters are referred to the union, but only on motion of some delegate. There are always delegates present who are conservative, and who do not allow the building trades council to take more power than it should.

Q. When referred to the union do they act as a body, or are they expected to vote?—A. (Interrupting.) Oh, our votes are by trades, one vote to each trade.

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Q. In that way you think that the building trades council can be of positive advantage in promoting peace rather than strikes, do you not?—A. Yes.

Q. But when it fails to act itself, and does not possess the power to act, and must submit every question to a postal-card referendum, does not that seem to you to be unwieldy, and to prevent the body from acting promptly and effectively?—A. Yes; in many cases it is necessary to make haste, to act at once; and that would be impossible with a referendum vote.

Q. Do you know of any other building trades council anywhere in the country which fails to act as a body promptly on application of a union affiliated with it?—

A. I have been under the impression, based upon correspondence had with those various building trades councils, that they were nearly all, if not altogether, organized on the same basis as the Building Trades Council of St. Louis. It is really something new to me to hear that there has been a postal-card referendum vote adopted by the Building Trades Council of Chicago. That must have been introduced lately on account of the lockout.

Q. It was testified to before a subcommission of this commission last March, when it had sessions in Chicago.—A. Nearly all of the building trades councils that have been organized have adopted constitutions from the Building Trades Council of St. Louis. Some have not even changed from our first. I had one here [producing books] that I wanted especially to read to you. My ideas of arbitration, etc., and of organized labor have undergone somewhat of a change. When reorganizing the Building Trades Council of St. Louis, this is the preamble which was adopted by that body:

(Reading) "Whereas the conditions and systems of the country having made inroads in the ranks of nearly all labor organizations, reducing their membership and threatening to attack their standard wage and 8-hour system;

"Whereas the introduction of unskilled labor and machinery has to a great extent been the cause of the loss of life and limb and faulty construction of buildings and inferior workmanship, as well as enforced idleness, to the detriment alike to the public and the dignity of the building crafts;

"Whereas experience has demonstrated and taught us that strikes are failures and frequent abuses of the boycott unjust and un-American: Therefore be it

"Resolved, That we, the members and representatives of the various building trades hereinafter mentioned and described, in order to unite the power and wisdom of our several unions to aid each other to secure and maintain an 8-hour day and a just compensation for each and every hour's work, to protect alike the public and mechanic employed in the construction and finishing of buildings, and to prevent strikes and boycotts by adopting a system of arbitration for the adjustment of all differences that may arise:

"Therefore, we, the delegates representing the different unions and organizations affiliated, pledge ourselves to accept, defend, and obey said constitution and by-laws as compiled, revised, and submitted by the committee on constitution."

Now, this is the exact wording of a preamble which was embodied in the first constitution of the Building Trades Council of St. Louis in 1894, when it was reorganized. I was chairman of the reorganizing committee. I find in the constitutions of various building trades in the United States that have only been lately organized a copy of this very preamble. It is not in the St. Louis constitution any longer because, as I stated, conditions, or rather ideas, have changed regarding the strike question. As you will see, I say here, "experience has demonstrated and taught us that strikes are failures." I believe strikes have been successful in accomplishing the end that we aim at in lieu of anything better, and therefore my ideas in 1894 and now are quite different as to the strike question.

Q. Do you agree with Mr. Powderly that a strike is an act of war and should be resorted to only after all honorable and peaceable means have been tried and have failed?—A. Yes; and we have adopted measures so as to make it the very last thing. Now, in St. Louis we have laws bearing upon that matter, regulating how a strike shall be controlled. It is interesting. Here, for instance, is article 6, which says:

(Reading:) "There shall be established as part of this council a board of arbitration or of business agents, composed of the properly elected business agents of the various unions represented in the council.

"The duty of adjusting grievances may be delegated to the board of arbitration under the supervision of the secretary as chairman and in accordance with the constitution and by-laws and instructions from the building trades council.

"The meetings of the executive board may be dispensed with as long as no cause of importance requires them; but whenever deemed necessary or ordered to do so by three members of the executive board or by the council, the secretary

shall call a meeting of the executive board. The board of arbitration is and will be under the jurisdiction of this council."

We put that clause in because we found that, for instance, in New York a state of affairs existed at the time under which the board of walking delegates was an entirely separate body, and controlled the city, and the building trades council had nothing to say—~~no say so at all~~.

Q. (By Mr. CLARKE.) Are the terms "walking delegates" and "business agents" synonymous, meaning the same thing?—A. Yes; mean the same thing. "Walking delegate" became offensive to the ear, and so we changed the name to "Business agent."

Q. Have the various councils in different cities been successful in composing difficulties?—A. I am sorry to say no. Kansas City was unsuccessful; Chicago can hardly be called successful—still pending; Memphis has been unsuccessful; Savannah, Ga., has been unsuccessful.

Q. Can you trace any cause of the failure to all these different unions, these different councils—have they failed for the same reason everywhere?—A. There are different causes. I presume that in Kansas City the introduction of party politics may have something to do with it, political factions being at war. In Memphis the attempt was made too soon to better their condition, and perhaps too radically for a council which had only been recently organized; the same perhaps applies to Savannah. They were not fully drilled into the mysteries of unionism, so as to be able to undertake a strike. I do not believe even it was a strike. I think it was a lockout. I have never got the straight of it, but they have dissolved it and are now reorganizing. We find, especially down South, a determination on the part of contractors to dissolve any organization like a building trades council if it is possible to do so.

Q. You find the same thing in Chicago, do you not?—A. Yes, rather.

Q. Is it true generally that contractors, whether themselves organized in a council or not, are opposed to the Building Trades Council?—A. Not all. The very best of builders and contractors are our friends. They believe it to be a good thing. It gives them better mechanics. They can deal with a committee rather than with every Tom, Dick, and Harry. It is a system; they prefer it. It is the small contractor, the man that hires and picks up anyone on the street that works for cheap wages, who wants these conditions.

Q. What you are now saying is applicable to organized labor in unions as well as in councils, I suppose?—A. Yes.

Q. The question is whether the contractors who might favor unions are agreeable to delegate bodies of the unions called councils?—A. The same answer would apply; the best contractors are; that is, so far as I know.

Q. Can you state succinctly your own idea of the advantages of councils?—A. I believe I could best do that by reading from some matter here. Before organizing the National Building Trades Council I was asked through the papers to state the object of such a national organization, and I explained the matter in my paper, The Labor Compendium, as follows:

(Reading:) "Having been asked by a number of people as to the origin, object, and purpose of the proposed National Building Trades Council, I would state that the necessity and feasibility of a federation of all trades employed in the building industry is not a new idea, but has been time and again advocated in New York, Chicago, and other cities. Actuated and encouraged by the signal success of the St. Louis Building Trades Council in preventing strikes among the various unions under its jurisdiction, and establishing a more friendly feeling between employer and employee by the introduction of conservatism, and a system of arbitration, which has had a salutary effect, through the publicity given it by the Compendium, in other cities who have copied after the St. Louis council, and are now reaping the same benefits, and realizing the great injury to the prosperity of our country to have different systems of wages and working hours in different sections, creating an unfair competition among building contractors, and manufacturers of and dealers in building material, I fully realized that by joining all forces of building trades with their several councils, creating new councils where none now exist, and have them all under the jurisdiction of a National Building Trades Council of America, great good could be accomplished by introducing, as far as possible, a uniform scale of wages and working hours, and by a system of arbitration abolish strikes and lockouts—at any rate, reduce them to a minimum. The matter was placed before the Building Trades Council and unanimously indorsed, and I was authorized to proceed with the movement. Having received encouraging answers from several of the most prominent members of building trades unions of other cities who had been consulted about the advisability of the undertaking, the matter was placed before the various councils in the United States, for a vote

whether in favor, as to the time, meeting place of same, and to offer suggestions as to its representation, etc. The answers came in promptly."

This gives you an idea of what we are trying to accomplish by the Building Trades Council.

Now, in connection with this we have placed before the building public—contractors, real estate men, etc., a request which reads as follows. It is in all of our literature which we send out. It was a standing card in my paper for some time:

"REQUEST TO BUILDERS AND REAL ESTATE OWNERS.

"We would respectfully request you to cause your architect or builder to specify in all contracts that 'none but men in possession of the Building Trades Council working card' be employed in the erection and the finishing of your building. By doing so, you will not only prevent the serious delay in its construction, caused by union men refusing to work with nonunion men, in obedience to the laws and rules of their organizations, but you will, also avoid the risk of having your building erected by reckless, irresponsible parties, who foist themselves upon the community with bad material and inferior work, executed generally by unreliable tramps or boys at cheap wages, frequently the cause of accidents and faulty construction of buildings.

"The great majority in the building professions in cities, who are citizens, and the best class of strangers, who are mechanics, are union men and reliable workmen, while nearly all nonunion men are unskilled and picked up from the floating population from all parts of the globe. By calling for only union labor on contracts you will invite competition in good work only, all bidders being compelled to pay the same wages and work but 8 hours per day, and you will abolish the nefarious practice of unscrupulous contractors to gamble on chances of hiring incompetent men at cheap wages to skin the work while charging the price of good and honest work.

"The Building Trades Council, represented by delegates of the various building trades unions, has been established for the purpose of aiding each other to secure and maintain the 8-hour workday and the standard scale of wages of their respective trades, to protect alike the property owner and mechanic, and to prevent 'strikes' by adopting the system of arbitration for adjustment of wrongs."

Q. Has that suggestion been generally complied with by architects?—A. Yes; to a great extent. Architects come to my office frequently to get copies of the paper (having misplaced their own) wherein I give a list of all fair contractors. [Witness here exhibited paper containing list.] This is corrected as fast as I get it from the various unions. This is a list of contractors who employ none but union men. That is published weekly and corrected as soon as I receive the corrections from the secretaries.

Q. Does that list embrace contractors in all the cities where there are building trades councils?—A. Wherever the secretary complies with the request and sends it.

Q. Has organization in building trades been proceeding with considerable rapidity in recent years?—A. Yes; remarkably so.

Q. Is there any trade which is not organized somewhere?—A. I do not think so. I know of none.

Q. Which of the trades has the larger number of organizations?—A. I presume the carpenters.

Q. Have the rates of wages been raised and the hours of labor shortened as a result of organization?—A. Yes.

Q. Everywhere, or only in certain places?—A. To some extent everywhere, more or less.

Q. You claim that better work has been done?—A. Yes.

Q. You claim that as much work has been done as under the old system?—A. I think so.

Q. You claim that a given number of men can accomplish as much in 8 hours as the same men would accomplish in 10 hours?—A. No; I do not. If that was the case, our object would fail. The object in introducing the 8-hour work day, and lately the Saturday half-holiday, is to give the unemployed work. It is entirely humanitarian.

Q. Is that the only object of the union?—A. No; the other object is that men should have sufficient rest and recreation, live more like human beings—not work and eat and sleep alone.

Q. You contend that 8 hours is long enough for men to be actively engaged in the building trades?—A. Yes; in fact in all trades. It is an old established rule: 8 hours work, 8 hours sleep, and 8 hours recreation. It is an old Masonic rule, for that matter.

Q. To what extent is that 8-hour rule in force in the different cities?—A. In St. Louis where the building trade is entirely unionized, no one can work on a building more than 8 hours; and the same applies to Chicago. The same applies to Milwaukee. In fact, in my report of last year I put that very question to the various councils, and it has been answered. It is possible that this list of questions may be useful to your honorable body. Of course it is too lengthy to give here; but your question is embodied here also, and this will give you exactly the answers thereto. Here it is:

"Have you any trades in your council who work more than 8 hours per day? What are the trades?" Chicago answers "No." Muncie, Ind.: "All of the trades affiliated with our council are working more than 8 hours, with the exception of the plasterers, who work but 8 hours per day." (That was a year ago, and since then other trades have fought for and got the 8 hours.) East St. Louis, Ill., has none; they are all working 8 hours. The East St. Louis Building Trades Council is to a great extent composed of building trades men of St. Louis who live in St. Louis, but go over there to work. In Belleville, Ill., they all work 8 hours. In Kenosha, Wis., they work 9 and 10 hours per day. In Washington, D. C., they are all working 8 hours. Duluth, Minn., the carpenters, painters, tanners, bricklayers, stone masons, electricians, and lathers work more than 8 hours. Omaha, Nebr., electrical workers and wood workers more than 8 hours. I take it they mean the outside workers in Omaha. The linemen work more than 8 hours, but the wiremen do not; they work 8 hours. Des Moines, Iowa, the lathers and painters. Elwood, Ind., all except the bricklayers and hodcarriers' unions work more than 8 hours. Fort Worth, Tex., all work more than 8 hours, except the bricklayers. Milwaukee, Wis., all work 8 hours. Danville, Ill., the plumbers, carpenters, painters, and plasterers work more than 8 hours. St. Louis, Mo., the wood workers, machinists, and cut-stone laborers work 10 hours per day in the shop, but as soon as they go on a building they must work but 8 hours. Memphis, Tenn., has no trade working more than 8 hours. Kansas City, Mo., the woodworkers work 10 hours in the shop and 8 hours on the building. These are the answers I have received pertaining to the 8-hour work-day.

Q. Why do they work longer in the shop than on the building?—A. Because there are other than building trades in the same shops, and they can not enforce the 8-hour law without enforcing it on all, and it is a difficult matter, the others not being so far advanced as the building trades.

Q. So far as physical conditions are concerned shopwork is as wearing?—A. Yes; more so, perhaps, in some trades.

Q. Less pure air; and it would seem they ought to have as short a day as outdoor workers.—A. Yes.

Q. Have you any knowledge as to the length of the working day in occupations other than the building trades in those cities where you have the building trades council?—A. They work 9 and 10 hours generally, but they are beginning to educate and are succeeding in cutting down their hours gradually. The example of the building trades is doing a great deal in bringing that about. The secret of the building trades being able to advance so much quicker is that there are only a few men to each contractor, whereas a factory is controlled by companies, and it is harder to accomplish.

Q. Does this shortening of hours in the building trade make the erection of buildings somewhat more expensive?—A. Necessarily, somewhat.

Q. Has that had any effect to deter the construction of buildings?—A. No. More men are placed at work.

Q. I did not mean to delay, but to prevent the construction.—A. I do not think so.

Q. Is it your idea that as the country grows richer it can pay more for building, and therefore there will be an increasing demand for labor in the building trades, even though it is somewhat more expensive?—A. Yes. As the hours of workmen decrease and their wages increase they are able to build, and naturally it distributes the wealth more equally.

Q. Is it a fact that men engaged in the building trades are usually residents of the place?—A. Generally, yes. In some trades they travel—lead a sort of nomadic life. In each trade there is a certain class that goes from place to place, but the majority are generally residents. This travelling of men in the building line is caused by lack of work in one place and they go to another where they find out there is a building boom, but that will eventually disappear by the reduction of working hours.

Q. Where building trades councils do not exist, are you endeavoring to establish them?—A. Yes, we are doing so.

Q. For that purpose you correspond with the unions that exist in those places?—
A. Yes.

Q. Do you visit these places?—A. Only when called upon.

Q. Before a council is established the several unions, irrespective of the interests of the other trades, manage their own labor difficulties, do they not?—A. Yes.

Q. But as one trade bears a close relation to another in building operations, you think it to the advantage of all engaged in the building trades to have a central body?—A. Yes.

Q. A central body that will determine a policy in regard to labor difficulties?—
A. Yes. I believe in organization.

Q. Does it sometimes happen that the individual union is inclined to strike when the unions in the other trades are opposed to it?—A. It has happened. Then they will not get the aid of the building trades council. They must have the consent of the building trades council to receive this aid.

Q. When there is no building trades council, the union is self-sufficient; it acts for itself, does it not?—A. Yes.

Q. Have difficulties been precipitated sometimes by individual unions, which would have been prevented if that union had been a member of a building trades council?—A. Not to my knowledge. It has not come under my observation. We have had two strikes in St. Louis—some call them lockouts—and in both instances the unions won—the carpenters and the painters.

Q. Are you aware that in Chicago the contractors express a willingness to arbitrate and otherwise treat with the several unions, but that they demand the dissolution of the building trades council?—A. Yes; I believe they have modified it since, from what I read in the papers.

Q. Are you able to tell us how many of the trades have withdrawn from the building trades council in Chicago?—A. Thus far 3, I believe; the bricklayers, the plasterers, and the iron-workers—bridge and architectural iron.

Q. Are they among the strongest of the trades?—A. Well, yes; the bricklayers notably. The general president of the National Building Trades Council lost his position by the withdrawal of the plasterers from the building trades council. We had to elect a new general president later.

Q. Have you personally had any conferences with any of the contractors in Chicago?—A. No.

Q. Have you with the members of the building trades council?—A. Yes. I was there at a mass meeting with the executive board of the Federation of Labor. There was no conference, but a mass meeting.

Q. If the council there were formed on substantially the same basis as those in the other cities, and capable of itself acting and deciding the matter in controversy, do you believe that the contractors would object to the continued existence of the building trades council?—A. I am positive the building trades council will continue to exist.

Q. You are positive it will continue?—A. Yes, notwithstanding the attitude of the contractors. It may not be as powerful; it may not embrace as many unions as heretofore—though eventually it will gain—but it will continue to exist.

Q. Is it your opinion that the building trades council should amend its by-laws and policy?—A. Yes.

Q. So as to make its influence effective?—A. Yes. Like all other organizations, when they come to grow old a lot of mistakes will come into the management that will have to be reformed.

Q. (By Mr. LITCHMAN.) In your estimate of membership do you include the carpenters?—A. Only those that are affiliated with the building trades council.

Q. Is your organization an organization originally of workmen or is it a federation of trades or organizations?—A. A federation of trades or organizations.

Q. Then it may embrace men who are already members of the Brotherhood of Carpenters?—A. Yes; certainly.

Q. Then the answer would be that your membership of 250,000 would include men who were already members in other organizations?—A. Yes, certainly. It is not a separate organization.

Q. To all intents and purposes it is a central labor union?—A. On the same basis.
Q. Only it concentrates the forces of the affiliated trades in the building line?—
A. The building line only. We admit no one else.

Q. (By Mr. FARQUHAR.) Did you intend to include, in your answer about the 250,000, the entire membership of the national organizations that are affiliated with you?—A. No, only those that are affiliated with us directly by certificate of affiliation, such as the electrical workers, the painters, the Amalgamated Sheet Metal Workers, and National Association of Steam Fitters and Helpers of America, all of whom are also affiliated with the American Federation of Labor. They are

embraced. Now, the carpenters are not nationally affiliated; nor the bricklayers. They are only affiliated through the various building trades councils.

Q. The commission desires to get this information. How many of the carpenters of St. Louis, for instance, are in your organization?—A. About 1,700.

Q. How many in Belleville, how many in Chicago, and elsewhere—in the national organization?—A. I could not give that without resorting to my book. Perhaps you misunderstand me. We have national unions affiliated with the National Building Trades Council.

Q. These you could not count, because they are not concerned in your organization?—A. Oh, yes.

Q. But the great body of them are not under your rules?—A. Yes.

Q. Do you mean to say the national bricklayers' union is —A. (Interrupting.) No; but the painters are and the electricians are; the Amalgamated Sheet Metal Workers and steam fitters are.

Q. (By Mr. LITCHMAN.) How far do these organizations contribute to the expense of the management of your organization?—A. They only contribute \$10. The national union pays dues of \$10 annually. In case of a strike or lockout they are assessed 5 cents per member per week. We could not levy an assessment on the carpenters or bricklayers, but we do on those nationally affiliated.

Q. (By Mr. FARQUHAR.) You have a per capita tax?—A. Yes.

Q. How many carpenters pay that?—A. I could not tell you that. We only ask the building trades council and national union, "How many members have you?" and that fixes the per capita.

Q. The annual dues from the body does not convey any information as to the membership of that body in your organization. That is what the commission is trying to get at. Only through a per capita tax on the membership of these affiliated organizations could you know how many are immediately concerned with your building trades council?—A. They are not included in the annual dues, but in case of strikes or boycotts there must be a weekly assessment.

Q. You spoke of a working card issued by your national council?—A. Yes [handing card to Mr. Farquhar].

Q. Do those unions that are in your centralized council have working cards of their own?—A. No.

Q. Do not the painters and others carry their own working cards?—A. Not working cards—their due cards.

Q. That is a working card if the dues are paid?—A. No; this is the only card recognized in the building trade.

Q. (By Mr. LITCHMAN.) They have this in addition to the due card?—A. Yes.

Q. Suppose there is a card issued by the brotherhood of carpenters, which is a working card for that trade, is that recognized by your organization?—A. No.

Q. You compel them to have another card?—A. The building trades council card.

Q. (By Mr. FARQUHAR.) How do you obtain jurisdiction to issue a working card of your own; who gave you authority?—A. The building trades council.

Q. That is simply an aggregation. What national body did you succeed so as to authorize a working card?—A. None.

Q. How is it that this national organization of yours can issue a working card that contravenes the trades union card of the man that pays his dues regularly?—A. That is the object of the building trades council's working-card system.

Q. How can you operate two jurisdictions at once? The working card proper of the National Bricklayers' Union is the card from the union that the man owes his first fealty to as a trade unionist and man, is it not?—A. Yes.

Q. He pays his dues there. His handicraft is there. Now, does your council make that man show a working card that sets aside his first loyalty to his union as a dues payer and man, and make that card supreme as a means of getting work for that man over his own organized body?—A. Not at all. He could not get this card if not in possession of the other card.

Q. Then, in case of trouble, dispute, or anything of that kind this working card is the basis entirely for the man's work?—A. Yes; he is not in good standing if not in possession of the card. In fact, he can not work on a building until he procures it.

Q. How did you obtain jurisdiction to issue this card?—A. By all these trades coming together and resolving to do so.

Q. Did the local organizations get authority from the national organization to do it?—A. Yes; that is where it is issued, from the secretary's office—my office.

Q. Do you issue charters or certificates?—A. Certificates of affiliation.

Q. Is there not a difficulty in your way, in that you have a divided jurisdiction over your men with national and international organized trades unions which have

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a supreme control, through the local bodies and through the executive committees, over their men, and that in no way can that control be delegated unless through the national body?—A. We do not interfere in their autonomy at all.

Q. So your council is simply a body that meets together locally for the betterment of trade in the building line?—A. And upholding the various national laws.

Q. So that your authorization is simply that delegated—simply a meeting together of delegates to lessen the hours of labor and to raise wages?—A. And to organize new unions in the building line. [Reading from constitution.] "The objects of this organization shall be the encouragement and formation of building trades councils and local unions; the closer amalgamation of building trades workmen; to establish the 8-hour work day; to abolish the contract system on public work; an equalization of wages in the different building trades crafts; a national working card; a national correspondence league; to adjust differences in our own ranks; to establish a better feeling between employer and employee; to secure legislation in the interest of building tradesmen; to secure a mechanics' lien law; to assist all branches of honorable toil, and to settle our own affairs without outside interference."

Q. In the case of Chicago, suppose the bricklayers go out from the national council there; what system have they of disciplining that body?—A. None at all, except, perhaps, not to assist them when they need assistance, but that is never practiced.

Q. What assistance other than sympathy can your national body give to any strike?—A. Financial assistance.

Q. How much have you?—A. We have our weekly assessments—that 5 cents.

Q. Have you any strike fund?—A. Not on hand.

Q. You would need to make the assessment?—A. Yes.

Q. What length of time would it take to collect the assessment?—A. The last time it came in at once from some councils.

Q. Have you any provision for a permanent strike fund in your constitution?—A. None; but it will come in time, I presume.

Q. You have no positive rule at all, either by-law or constitutional provision, for a strike fund?—A. Except that we can levy it; that is all. Of course, it must be noted that this is only the third year of the existence of the building trades council. Our laws are crude, but we will learn by experience to improve. That is the reason we have so few laws.

Q. Have you had occasion to make these assessments in aiding strikes?—A. Only in Chicago; that is all. In fact, that part was only introduced last convention, giving the executive board authority to levy strike assessments.

Q. Has the proposition been discussed by your people of obtaining from all these international bodies a certain local jurisdiction over their local unions so that you could prevent disintegration?—A. We are doing so by inviting the nationals to affiliate nationally with the National Building Trades Council.

Q. That is, you are looking now to have an affiliation of the national and international bodies in a building trades council as far as the building trades go. You want to affiliate the national body as well as the local body?—A. The building trades, yes. In fact, our final object is to get all labor together.

Q. But they could not all go into the building trades council?—A. But we could have fraternal bodies as we have in some cities.

Q. You say have in St. Louis a body of 24 business agents?—A. Twenty-four or 26.

Q. They have full delegated power from the local unions to transact all the business of the local unions?—A. Of the building trades council.

Q. As far as the men working are concerned?—A. Yes, under the jurisdiction of the building trades council.

Q. The building trades council still holds appellate or superior authority over the business agents?—A. Yes. The secretary makes his report weekly of all transactions during the week of the board of business agents.

Q. As a practical question to a trades unionist, as you are, do you think the aggregation of 15, 20, 25, or 30 local unions in a council such as you have, when you come to have a strike which concerns even the least member of your union, and that strike continues for 2 or 3 or 5 or 6 months—do you think that it is a benefit to any union to so associate themselves that they must stand with that strike simply through sympathy?—A. Ultimately, yes.

Q. In other words, are you not a little too strongly organized?—A. You can not be too strongly organized. These things could not occur if we were more strongly organized.

Q. Where you involve, as in your case, the 30 unions in your council, and your whole body has to strike on account of some dispute between one of your mem-

bers and the contractors, do you not think that involves too much wages, when a strike lasts for 2 or 3 or 5 or 6 months?—A. Possibly, at present.

Q. Suppose the hodcarriers go out, how can you have any recompense of that loss of labor?—A. That is a very bad feature of the matter, but it will eventually bring about such a change in the conditions that we will not have to strike.

Q. Does your aggregation of trades tend to make more strikes against employers than you had when working separately?—A. We aim to bring about better conditions. That is the object of organization. If we were not organized I presume that men would receive wages upon which they could not even feed their families, just as has been the case when we were not organized fully. I speak from experience.

Q. Which of the two features do you think is best for the workingman, the feature of thirty organized trades in your building trades council or a general arbitration board that can take up all the quarrels of the trades and settle them each for itself?—A. Each for itself? That would be against the policy and principles of trades unionism. In the first place, there are many trades which are small which are under oppression by their employers which are kept down, and as a matter of humanity alone and to properly elevate the other trades the stronger trades should go to their assistance, as a matter of humanity and brotherly love. An injury to one is the injury of all.

Q. What are the conditions attached to this working card of the building trades council?—A. Each building trades council must take out working cards for all its members in good standing.

Q. Do these cards carry dues with them to the council?—A. No. They show that they are members of the building trades council and have paid their dues to their national organization and are members in good standing of their various organizations.

Q. (By Mr. LITCHMAN.) Supposing you should have a difficulty under the management of your association with which the carpenters, we will say, are affiliated, and assessments should be levied to sustain the men on strike; and supposing in another locality the carpenters should have a difficulty of their own and have their men on strike; now, when this strike assessment was levied, would all in that organization pay a double strike benefit?—A. Yes; that has been the case in Chicago.

Q. What would be the effect?—A. I do not know. So far we have had no difficulty, only perhaps with one council, where they refuse to pay the per capita assessment. In one city they have not paid up in full, and it was left for the convention to decide.

Q. I would like to have your opinion of the effect on the success of labor organization of good times. When times are good and men are employed, do they pay their dues more promptly?—A. Yes.

Q. Then trades unions are generally more successful in good times than in bad times?—A. Yes.

Q. Now, if there should be a lull in building and comparatively less demand for labor, how could you enforce the demands of your affiliation?—A. Well, we have been through that period, and it did not seem to affect us any.

Q. You certainly could not have been through that period with your organization since 1897?—A. I thought you meant organizations generally.

Q. I am speaking of an organization which has an affiliation like yours. I can understand how a trades union can weather hard times. They provide for these things, many of them. But I wanted to know whether that matter had come under your personal consideration, and what provision you were making for it?—A. There is no provision made thus far.

Q. Have you a general fund?—A. We have not.

Q. You have no defense fund or strike fund?—A. There is a general fund—a nominal fund of about eleven hundred and some odd dollars. Our organization is young and all this will come under the consideration of conventions as we proceed. When we first organized all the delegates were opposed to a general fund.

Q. So far as your experience goes, what is your own personal judgment as to the advisability of a fund, known by any name you please—strike fund, defense fund, or emergency fund—that could be drawn upon in dull times to meet any emergency that might arise?—A. I would not be in favor of it, because I believe that eventually we will have all the national building trades unions affiliated in a national building trades council.

Q. What is your idea of the relative number of men organized in trades unions and those unorganized?—A. I do not know as to numbers. I think the organized are yet in the minority.

Q. How much of a minority?—A. That is a hard question.

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Q. One in ten?—A. Not that much. We are organizing all over the country.

Q. Have you any idea personally as to the number of workmen in the United States?—A. I have not.

Q. Assuming it is 15,000,000, are there a million and a half organized workers?—A. I think fully.

Q. What provision will you make to prevent the recruiting of men from the ranks of unorganized labor to take your places when a difficulty occurs between you and your employers, unless you have some emergency fund, or something of the kind?—A. The majority of men in unorganized labor are beginning to comply with the request of organized labor to stay away.

Q. Then you rely upon the feeling in the minds of unorganized labor that it is dishonorable to take the place of a man on strike?—A. To a great extent.

Q. (By Mr. FARQUHAR.) And unsafe?—A. Both.

Q. (By Mr. LITCHMAN.) You mean unsafe, not in the way of violence?—A. No; not by any means.

Q. Your idea is that it is unsafe as to continuity of employment and not as to physical harm?—A. Certainly. There is no employer in the building line, speaking from the builder's standpoint, but prefers the union man to the nonunion man.

Q. But if the contractor is trying to reduce the wages of the union men, does he hesitate to use the nonunion man as an instrument to gain that end?—A. Some do. I have known of contractors that would not employ nonunion men—while they wait—when they had the chance—said they would not have them.

Q. It became simply a question of endurance then between the contractor and the union workmen?—A. Yes.

Q. But you do know of instances where the unorganized and nonunion workmen have been used as means of breaking down the strike?—A. Yes.

Q. (By Mr. FARQUHAR.) You mention three unions that have passed out of the jurisdiction of the Building Trades Council in Chicago. On any building where your men are employed and have this local working card, would they strike against these men going to work on that same building?—A. I doubt whether they would under the present circumstances. They are using policy.

Q. In one way your policy means a kind of a quiet boycott. You in a measure boycott a union that goes out of your association?—A. No; I have not so experienced it. We have had the carpenters out of the Building Trades Council in St. Louis, and we even aided them in their grievances.

Q. Which body of carpenters?—A. There is only one we recognize, the United Brotherhood of Carpenters and Joiners.

Q. If you were strong enough in your trades council to hold up the building in any other city, as apparently there has been a check to the whole building in Chicago, don't you think in the long run it would be disastrous both to your organization and trades unions?—A. No question about that.

Q. Do you know of any better provision than you have in calling your business agents together to arbitrate as soon as possible when you come to a trouble?—A. I have always been not only in favor of but an advocate of arbitration. But it is the contractor who is the obstacle in most cases that have come under my observation. We had a conference board established in St. Louis between the building trades council and the contractors, but it died a natural death. They insisted that we should make an agreement to work for none but members of their association, and we could not do that.

Q. What is your opinion of the arbitration board and agreements such as are had with employers' associations by the national bodies of machinists and molders, and largely of bricklayers, too?—A. I am in favor of it.

Q. Making these annual agreements in their own trade?—A. I am in favor of it, but I have another one that will be more lasting and will embrace all of the various industries. We now have the allied printing trades, which I have no doubt will be national before long. We have the metal trades, which have a convention here now and are forming a national organization. We have the building trades council. If all these interests combine to form agreements with the employers' associations of those industries I think we can reduce strikes to a great extent and lockouts can be abolished. It is really the principal object of the National Building Trades Council to come to such a point and establish that.

Q. Has not your organization forced the contractors to organize also?—A. No question about that.

Q. And in all your building trades, when the employers or contractors are organized as you are, wouldn't that tend to modify the demands the workmen would make as well as the demands the employer would make?—A. Yes; certainly.

Q. In other words, the stronger the employers are organized, would not that minimize many of the rights and privileges of the workmen themselves?—A. Well, hardly. I think it would have a tendency to enlarge the organization of workers—organize more. It has proved to be so.

Q. Don't you find, practically, that a great many of your difficulties are really what you may call the privileges of trade or the customs of trade, rather than simply hours and wages?—A. The hours and wages are the principal things.

Q. Have you not trouble with business agents going into concerns where there is building going on and injudiciously interfering?—A. That has never caused a strike. That has been trumped up in Chicago as the cause of the lockout, but it is not true.

Q. Does it not cause unfriendliness of the employer?—A. I presume so if that occurs, and it should.

Q. If you were a foreman on a building immediately under your employer's authority, and you found that interference, don't you think it would be apt to cause a good deal of unnecessary friction?—A. That is only in isolated cases. As a general thing the business agent does not interfere. I speak as an old business agent.

Q. You think the business agent really a positive benefit to the union?—A. Undoubtedly so, the same as a business manager is to a business concern.

Q. Take your own trade; what are your duties as a business agent toward the union and toward the work in hand and the men that are doing the work?—A. My duties as a business agent were, in the first place, to see that men were in possession of their cards or had paid their dues; collect dues, where I could; to bring nonunion men into the fold of unionism, and in case of trouble to adjust it if possible by peaceable means. When a business agent of the painters I succeeded—when I was secretary and the only business agent at that time of the building trades council; in those 2 years we had two or three strikes, and we won them. One was at the city hall, where I was enjoined and everyone else was enjoined. The other was the Holland building, and the other was the Auditorium; and those are the only strikes we had, and they were won. Everything else was adjusted peaceably.

Q. You spoke of failures at Memphis and Savannah and other points. Were the extreme demands made on the part of the local building trades council what brought about the trouble?—A. Not exactly extreme, but the demands were made too soon. As soon as they were organized they made demands.

Q. Where you are making a change of wages or time do you give the contractors sufficient time usually to get the contracts in shape?—A. Yes.

Q. Is that one of your standing rules?—A. That is one of the rules.

Q. Would you discipline any organization below you in your council if it did not do that?—A. We would discipline any union that refused to obey the mandates of the council. One of the rules is that any change, demand, or agreement shall be read at the building trades council four times before it will be indorsed, and if it is not indorsed, why, of course it does not get the assistance of the building trades council. The balance of the trades will not be bound to aid in case of a strike.

Q. Do you find much difficulty with these unions lately organized, that are not very well up in the work of trades unionism?—A. Not since we have had the building trades council. They soon learn to adapt themselves to circumstances.

Q. Do you think that the council itself is a means of conserving the interests of the weaker, as well as the stronger, in that way?—A. Yes; in fact they are protected. The way the trades are represented in the building trades councils is so many to each trade. That has only been changed in the larger councils by seeming injustice. The carpenters, for instance, were paying a per capita on 1,700 men, while perhaps the elevator constructors, with only 80 men, were paying 30 men's per capita for the same representation. But to my mind the building trades council is a body composed of trades, each trade, as it were, becoming an individual, and hence I think that should cut no figure. While the carpenters pay that much more per capita, so many more men receive the benefit of the building trades council.

There is one thing I would like to state regarding agreements. The most trouble that we experience is on account of the agreements with contractors, and there is a tendency now of the unions becoming opposed to agreements. The contractors invariably insist that in the agreement there shall be a provision that no member of the union shall work for any one except a member of the contractors' association.

Q. Is not that very much like your own organization, that none but members of your own union shall work?—A. That is different. We are organized to make

sufficient to live, while they are in business to make profits, and this very agreement, by a combination of material men and contractors, becomes a most dangerous trust. They will squeeze the public, and it has been proved; and it does not do the workingman any good. Furthermore, the contractors' association invariably is comparatively small. They haven't got all of the contractors in their body. They can not guarantee work to the laboring man, and as long as he gets the wages and the hours he should be entitled to work wherever the hours are given and the wages paid. We have, for instance, breweries, hotels, and large establishments, that of necessity have to keep a force of men. Now, these contractors want us to go to work and refuse men to these establishments and compel them to give the work to a contractor. Now, we ask nothing of that sort. We care not whether a man is a contractor or not. The journeyman, after all, is the man who does the erecting of buildings. In a great many cases the contractor is not even a mechanic. Some go into the business that do not know a thing about mechanical work and the journeymen has to do it, so we care not whether a man is a contractor or not, we work for him so long as he pays wages and gives us union conditions. That is the basis upon which I believe the council will hereafter be governed.

Q. You spoke of the collusion of the furnishers of material with the contractors. Have you any rule at all about, for instance, putting in the walls of buildings stone out of a nonunion quarry and worked by nonunion men? Will you handle a nonunion product in your building?—A. That is left to local conditions, local councils. They have the say as to that. It is left to the national unions also.

Q. (By Mr. PHILLIPS.) Do you enter into written contracts with contractors to work only for them?—A. Some unions have. In St. Louis, for instance, the bricklayers have an agreement, and it is now doing injustice to other trade unions and fair contractors.

Q. Then it would be impossible for persons to get labor to do repairing outside, in the breweries, hotels, and in such matters you spoke of? There might not be enough nonunion people to do it?—A. There will be men that see the injustice of such an agreement and leave the union; that is, they would go to work and would be fired out of the union for doing the work.

Q. (By Mr. FARQUHAR.) Then what do they depend on, their working card?—A. No; they have not got the working card. Now, we have a case in St. Louis to-day, and it is causing considerable trouble to a contractor who has for years, and his father before him, been a friend to the union man, paid the highest wages always, and acceded to their demands if they were halfway just. He is a recognized friend of union labor. He is a stone mason contractor, does general building. For some reason the Master Bricklayers' Association made a law that none but practical bricklayers shall be members of that association. Now, this man employs a great many bricklayers; always hired union men. For the reason that this agreement has been made, and the building trades council indorsed that agreement, this man is deprived of union labor. The council knows the injustice of it, yet can't help itself, as it must stand by the agreement it has indorsed; but I do not believe any agreement embodying any such provision will ever be indorsed again.

Q. Possibly you needed that as an example?—A. Yes, indeed.

Q. Is it a fact that many in the contractors' body in the Chicago strike are the strongest union men that ever were in the city of Chicago—paid out more union wages?—A. I think so.

Q. What do you think about a settlement in Chicago? Do you see any way out of the tie-up that they have there?—A. I do not know, except the contractors retract their stubborn hostility toward the building trades council. I think it will be continual trouble. The convention of the national building trades council may take a hand. I am in hopes that eventually a system can be brought about between the National Association of Building Contractors and the national building trades council. It has been my idea for some time, until the contractors of Chicago have shown such a terrible antipathy to building trades. I do not know whether it will ever be accomplished, but I think it will eventually come to that.

Q. (By Mr. CLARKE.) Don't you think that the contractors of Chicago object more to the inefficiency of the building trades council to determine matters that are submitted to it than they do to organization or to the existence of a council?—A. Well, hardly. I believe that they think that the council was too powerful in enforcing conditions. For that reason they wanted to abolish it.

Q. Are you not aware that the council has not attempted to settle the difficulty?—A. The council has offered arbitration and the contractors refused. The mayor interposed and offered arbitration and the contractors refused.

Q. When a union there has practically agreed with the contractors for arbitration or some other settlement, and that has been submitted to the building trades council, do you not know that the building trades council has not acted upon that itself, but has submitted the proposition to a referendum of 55,000 men, which takes a great while?—A. There is no question that matters have been handled rather carelessly and recklessly.

Q. Don't you think that if that building trades council were organized as yours is in St. Louis, with capacity to legislate and quickly determine the matter, that the contractors would not object to it?—A. I do not think so. In fact, this matter was a long time considered. There was an attempt on the part of the contractors to abolish that building trades council, to kill it. The contractors abrogated the agreement which they made with the council in the first place—that is, for the Saturday half-holiday. That was made the parent cause of the lockout. This agreement they had signed in good faith, so the Council thought; but they simply told the men to come back to work at 1 o'clock, and when they did not come back they locked them out. The wrong has been from the very beginning on the side of the contractors. I admit that irregularities have happened on the side of the building trades council, but the contractors are entirely at fault. In my report last year to the convention I alluded to the lockout—that it was all out and dried. They had even asked for the National Contractors' Association to aid them, which was in the course of formation. I know I alluded to it in this report here. It says: [Reading.] "While I am confident that no organization of contractors will ever so far forget the duty incumbent on American citizenship and humanity as to attempt to starve men into absolute subjection to their own will and pleasure by a wholesale lockout of building tradesmen, it is equally certain that the above-quoted section," and so on. So I say we knew all about it then, that there was going to be a lockout or an attempt was to be made to lock out.

Q. (By Mr. FARQUHAR.) Do you think that this Chicago strike or lockout, having lasted as long as it has, is going to in time be of some injury to your organizing councils all over, and that if you should have a repetition of it, it would be disastrous to your organization?—A. No; I do not think so. In fact, it acts as a warning to other councils to organize properly in carrying on their work.

Q. (By Mr. PHILLIPS.) Have you anything further you desire to read from your report of last year?—A. There is another mention of the same subject further on, which reads:

[Reading.] "Never has the necessity, the usefulness, and benefit of a national or international federation of building trades been so plainly demonstrated than to-day, when contractors in various cities, aroused to the realization that the journeymen everywhere, encouraged by the very existence of our grand federation, have determined to henceforth have a voice in the distribution of the wealth they create—that they propose and are in condition at last to handle intelligently those economic questions that are of special interest to them.

"While the short-sighted bluff attempted by some of the contractors of Chicago and elsewhere to starve the journeymen into submission of modern slavery by a general lockout caused but little worry to the building trades councils, it nevertheless created a stir and responsive chord among a class of contractors all over the country, and a convention has been called of the National Contractors' Association to meet in Washington next month.

"I do not believe that there is any great danger that the threatened lockout will ever materialize." (That was then my own belief.) "Contractors who have investigated the workings of our organization could not help but be convinced that a 'lockout' inaugurated by the contractors would most likely return home and be very apt to force the contractor—considered by many a convenient but dispensable adjunct in the building industry—out of existence.

"Let us hope that their convention called for next month will follow the example of the National Building Trades Council of America at the last convention in Kansas City, and recommend and cause the formation between contractors' associations and building trades councils of conference boards, with a view to removing the cause of strikes, and establish a more friendly feeling between contractor and journeyman, and of security and encouragement to investors and builders."

Q. (By Mr. FARQUHAR.) You spoke of the St. Louis Exposition. Are there any contracts out yet for your exposition?—A. No; there is nobody yet in authority to take contracts.

Q. Is it the intention of your body there to have nothing but union labor on the exposition, the same as Buffalo?—A. Certainly.

Q. The same as the Pan-American Exposition in Buffalo?—A. Certainly.

Q. I observe that the Buffalo Trades Council is not in your national body.—A. No. As I said, a great many are not in, but they have a responsive chord, and they have not voted whether they will affiliate or not, and, of course, if there is a majority of one against it, it will not affiliate.

Q. (By Mr. CLARKE.) Mr. Brennock, a leading witness for the Building Trades Council in Chicago, testified before the subcommission of this commission which investigated this Chicago difficulty, that the solution of that trouble, in his opinion, was the abolition of contractors themselves. In your opinion is that practicable or desirable?—A. That is a hard question to answer. As I said before, the journeyman after all is the man that does the building, that erects the building. The contractors, especially large contractors, pay out the money, take care of the pay roll, and that is about all. They have their superintendents. Everything that is done on a building is done by the journeyman. The only way that can be brought about what my brother Brennock said is by repetition of lockouts. Then the National Building Trades Council, which is growing daily, will certainly make provision to have sufficient funds on hand to go to the place where the lockout is and take hold of the work. I advocated that in Chicago. Had they followed my advice, I do not believe the Chicago Building Trades Council would have lost. Some laws would have to be made to make it work more rationally.

Q. If there were to be no contractors, who would supply the apparatus and material?—A. Oh, well, where there is a will there is a way. In 1887 the painters were on a strike for an increase of 10 cents a day, and it was fought bitterly. We had then the local organization of the Journeymen Painters' Union in Missouri. I was its president. They went to the employers day after day trying to get them to accede to our wishes. They refused to do it, and I advocated this: We had several thousand dollars standing in the treasury; the people wanted their work done, were anxious to have it done; a reign of terror was in St. Louis at the time, and I told them as citizens that we ought to go to work and change the conditions and clear it up by establishing offices and shops in every section of the city, and run it as a cooperative painting company until our employers would come to time. We had at that time too many of the foremen on the arbitration board, who were the executive board in the matter, and while it passed the mass meeting, this executive board laid it on the table. It was not acted upon. The next day they went back to work. But the consequence was that my language had been conveyed to my employers, and I could not get a job in St. Louis in the painting trade, and in a jocular way they asked me what was the matter with my cooperative company. I started one and I kept it for 5 years; and I hadn't a cent back of me, and my family was almost starving at the time, but I have got a pretty good front and I got ladders and rigging all right, etc., on time, and started to work. Now we are in a different position. We have now four national organizations affiliated who will have capital for a strike fund. We are getting more councils every week. They are coming into the National Building Trades Council, and I do not think it would take much to create funds sufficient to start almost any business.

Q. (By Mr. CLARKE.) Your idea is then that several unions could own all the necessary apparatus for carrying on a business in that trade?—A. That is a possibility. I do not say it ever will happen, but I say if such lockouts as in Chicago become frequent, some such thing certainly will happen, and I am satisfied if that is ever undertaken that there will be plenty of capital coming in from private parties to carry it on. I have now in my possession at home a letter from parties in Iowa who are willing to put up \$150,000 if I start a cooperative company in St. Louis.

Q. If the business then were to be undertaken by the separate unions, would all unions of one particular trade make a contract with the owner of a building for the erection of the whole building and then sublet to other unions?—A. Of course, as to how and wherefore, that is a matter of consideration. We have never thought of that, but I should judge that the executive board of the National Building Trades Council would take hold of the matter, perhaps, by forming an association for that purpose under the jurisdiction of the National Building Trades Council and its affiliated organizations.

Q. (By Mr. PHILLIPS.) How, in that case, could you take care of the unemployed who belong to your unions, if you had not sufficient work? Would they not seek employment some place else if you could not give it to them under this cooperative plan?—A. I presume so; but I am speaking of the lockout, when all would be locked out. Now the way we got around that in our last strike of painters in St. Louis, where we got an increase of 50 cents a day, they allowed every man to go to work for every employer that signed the scale that was willing to pay the wages, and those men, as fast as they were employed, paid 20 per

cent of their earnings to a fund to support those not at work, and of course we gained the increase of wages—50 cents.

Q. (By Mr. CLAKE.) If private contractors were to be dispensed with, the unions would have to be contractors, would they not?—A. I think it would perhaps come back to old time day work, which is preferable to contract. These contracts are to an extent a phase of gambling after all.

Q. If it came to that, then a man who wishes to erect a building would have to make contracts with the individuals who are at work on that building, would he not?—A. Before contracts were really in force or inaugurated, an employer would do the work and charge so much for his employees. In the painting line, for instance, he would charge \$4 a day.

Q. Is it practicable in modern building operations to dispense with contractors?—A. No, it is not on large buildings. I am speaking of this in case it would come to such a thing. I do not know what the result would be—the ultimate result—but it certainly will be tried. There is no question about that, because it has been talked about.

Q. That will only be introducing a new form of competition?—A. Possibly so.

Q. What is your idea of a sympathetic strike?—A. They are a necessity.

Q. Would you extend it beyond affiliated trades?—A. If it is a case where humanity demands it, yes. Such, for instance, as the miners or men that are underpaid and working under conditions bordering on slavery. Every time.

Q. The question of humanity enters into almost every strike, does it not?—A. Yes.

Q. Do you believe in the boycott?—A. I believe that if a man appears inimical to me or my family that I certainly ought to resent it and leave him alone also. That is, in other words, I believe in not patronizing my enemy and making him richer.

Q. Take the case of the Cleveland street car strike, with which I presume you are familiar. The strikers undertook to boycott the whole public who would ride in the cars of the company.—A. Anything can be overdone. I do not believe in injuring the public or the public welfare. In other words, I do not believe in carrying it out to an extent where innocent parties are injured.

Q. (By Mr. A. L. HARRIS.) As I understand, of course, the National Building Trades Council favors arbitration?—A. Yes, based on that very thing.

Q. And the local building trades councils also, as a rule, favor arbitration?—A. Yes.

Q. And the different trades composing the different local councils favor arbitration?—A. Yes.

Q. Does not the introduction of the building trades council, as to-day proposed in Chicago at least, complicate and to some extent interfere with the reaching of agreements between the contractors and the different trades engaged in the construction of a building?—A. That is not the fault of the building trades council. It is the fault of the contractors, who refuse to arbitrate direct with the building trades council.

Q. Was there not an agreement entered into last winter between the Building Trades Council of Chicago and the Building Contractors' Council of Chicago to come together and agree upon some terms for arbitration, and did they not agree upon a general principle by which they could arbitrate and get clear of their troubles, and was not that promptly indorsed by the Building Contractors' Council and not indorsed by the building trades council?—A. That I can not tell; I do not know.

Q. You have no knowledge?—A. I have no knowledge.

Q. That was so testified and admitted on both sides. What I desired to get at was this—whether the present attitude of the building trades council in a city like Chicago, where all of the trades that enter into the construction of a building are brought into one body, does not really stand in the way of arbitration on account of the complex conditions existing there?—A. I can not possibly understand it that way, inasmuch as it certainly should be easier to arbitrate a difference by all being united than to arbitrate by the various different branches.

Q. As I understand, when they undertook to reach a plan by which their troubles could be adjusted by arbitration, the different trades comprising the building trades council objected, for the reason that unless a representative of the trade could be named in that board of arbitration they would oppose arbitration, because the technicalities of their trade would not be understood possibly by the board of arbitration—the technicalities of 84 trades—but the technicalities particularly of the trade that was then having the dispute with the contractors?—A. I do not believe that is unjust. I think that was just. That trade should be thoroughly represented. If there are such technicalities in that trade which are not liable to

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be understood by an outsider, then certainly there should be representation there, because the whole arbitration might devolve upon that very question.

Q. The building trades council being composed of 34 trades, and the building contractors' council having a representation of, say 5, it would hardly be fair for the building contractors' council of 5 to undertake to make an agreement with 34 representatives, because they would be outvoted?—A. No.

Q. Now, is there a possibility of having a board, say composed of 5, or any limited number on each side, that could adjust the differences such as they have in Chicago at the present time?—A. I should think so, if the willingness of both parties could be brought about.

Q. Would there be an objection on the part of the National Building Trades Council at least to authorizing a board of arbitration that did not take in members of all the different trades?—A. The National Building Trades Council has no hand in it at all, has never been consulted. The National Building Trades Council believes that it could have adjusted this matter had it been consulted at all; but we have no right to interfere with the autonomy of the local building trades council, except it is in violation of one of the laws of the National Building Trades Council.

Q. In perfecting your organization, would it not be well to give the executive board more power in arbitration?—A. Yes; I shall take that up in this coming convention.

Q. How is the general executive board controlled now?—A. By trades. There are 6 general vice-presidents, 1 general president, and 1 secretary-treasurer, which makes 8. That is the general executive board.

Q. That general executive board would be in sympathy with a condition such as in Chicago, and if they had to be consulted before such a condition was inaugurated, and had some power to control, would it not greatly relieve the situation as it exists there now?—A. Yes. It must be understood that the law was really insufficient until at the last convention the executive board was made a board of arbitration, providing a council would ask for it, and the executive board was granted authority to levy an assessment in case of a strike or boycott. It was the first time it was introduced last year, and the Chicago lockout came immediately after, so hence we learned a great deal. I believe that a law will be made that no building trades council or union will receive a benefit until it has thoroughly used every other means to adjust the matter, and it is reported to the general executive board, and then the general executive board takes charge and tries to adjust it.

Q. The experience that you have had this last year lightens your way to some extent as to the future?—A. Yes, indeed.

Q. Do you hope that in time your National Building Trades Council will be able at least in an indirect way to have some control over building trade conditions?—A. In cases of strikes and lockouts, yes. In fact we are working to that end.

Q. You concede, of course, that the building contractors' council is composed of men who are fairly reasonable?—A. Some reasonable and some very unreasonable, like all other bodies of men.

Q. And it certainly is to the interest of a city like Chicago to be able to adjust conditions such as exist there, and that being the case, this condition likely to fall upon any city at any time where the two organizations exist, it is highly important that some way be laid out by which troubles of this kind could be adjusted or prevented?—A. Yes.

Q. You have a hope that they may be?—A. Yes, and shall work to that end as far as my little influence might go.

Q. Can you not see that present conditions in Chicago are somewhat complicated on account of 34 different trades being in the attitude of sympathetic strikers whenever one has trouble with contractors?—A. Yes.

Q. For instance, the plumber, the importance of whose trade may be in one respect the least of all, has a little trouble, and all go on a strike. On account of that trouble the building is at a standstill?—A. The sympathetic strike will never be done away with, because it is the very foundation principle of the building trades council. There is a law—I think it is the same in Chicago as St. Louis; but whether they carried it out or not, I do not know—that no strike can be declared on any building in St. Louis except two-thirds of the trades interested are in favor of that strike.

Q. That was testified to in Chicago by the members of unions of different trades, but it was also testified to on the part of the contractors that every man would frequently lay down his tools and go out of the building when there was certainly not time to submit it to the different trades.—A. Well, they did that perhaps as individuals.

Q. The contractors complain that frequently the rule was changed on them while the building was in course of construction, and a demand was made that they could not accede to during the construction of that building, and that trade, of course, had a grievance; it would strike and the others would all follow.—A. It seems to me that the contractors are at fault in not being sufficiently conservative to try and adjust matters before they come to a lockout.

Q. From their side they did everything they could.—A. But they went to work and violated every agreement they made with the men. They attached that as an excuse, something to begin on. They refused to abide by the half holiday.

Q. Do you not think it failed on both sides at Chicago?—A. No doubt; they certainly had some idea that the national council had some influence. Had they consulted it, although the building trades council would not have asked for it, we would have made an attempt to adjust it and something would have been brought about.

Q. Which organization was on the ground first in Chicago, the building trades council or the building contractors' council?—A. I think the building trades council.

Q. And the building contractors' council was thought to be a necessity on the part of the contractors to offset the building trades council, is that it?—A. Partly, perhaps, but the way I understand from the contractors in St. Louis, they favored the building trades council and copied after it naturally for the same purpose, to keep prices, so they say.

Q. (By Mr. FARQUHAR.) Do you believe in the so-called compulsory arbitration?—A. I am in favor of any system that will effectively abolish the strike and lockout and yet give justice to the wage earner.

Q. Suppose that they had a body in Illinois with the powers of compulsory arbitration, as they have in New Zealand, and which has been talked about largely by workmen, how soon do you think it would settle the Chicago strike?—A. I really do not know whether that would settle it.

Q. The courts would carry it out, would they not?—A. Would that be constitutional? It seems to me that there would have to be first an arrangement made by which we would have a basis to work arbitration on—like agreements such as I believe are provided for in the New Zealand law. I believe that the matter could be accomplished. Now we have in St. Louis, for instance, a manufacturers' association; we have a business men's league—mercantile association; we have a building contractors' association. Those three central bodies of employers constitute nearly all industries. On the other hand we have the building trades council; we have the central trades and labor union; we have the union label league, which takes in all the organizations that are manufacturing. Nearly all have a label now. If a committee, a board of arbitration, or a court of arbitration were elected or appointed from these organizations, and take the State labor commissioner as the seventh, I think great good would be accomplished.

Q. You have a State board of arbitration in Missouri?—A. We have a labor commissioner.

Q. That is all?—A. That is all. The labor commissioner of Missouri, in 1896, sent to several officials of labor unions a request to give their views as to what should be his work. I will read part of my reply. [Reading:]

“SECRETARY'S OFFICE,
“BUILDING TRADES COUNCIL,

— “218 North Eighth Street, St. Louis, Mo., January 8, 1896.”

“HON. LEE MERIWETHER,

“Commissioner of Labor Statistics and Inspection.

“DEAR SIR:

* * * * *

“To me it really seems a difficult matter to suggest to your bureau the subjects that to my mind most urgently need to be investigated, for the reason that if such investigation be for the benefit of labor and the abatement of existing evils it would be necessary to invoke and enforce the laws governing the questions and wrongs under inquiry, which, in the absence of such efficient laws, to judge from past and recent experience, would be of little or no benefit to labor.

* * * * *

“Labor organizations have passed the stage of experiment and are an established factor to-day. They are progressive in character and learning fast. The innocent (?) deceptions practiced in former years by the proverbial ‘friend of labor’ in foisting laws upon us that could not be enforced won’t go. They are no longer satisfied with any condition of society that does not give to all the comforts of home, the privilege of a thorough education, and a reduction of the hours

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of labor in proportion with the machinery produced by inventive genius. That powerful enemy to free labor and free government, the trust, which caused the destruction of Rome, is becoming more and more rampant in this country, and will stop at nothing to force labor to the wall by the enactment of such laws as foster millionaires only. Yet this is a government of the whole people. 'The right of the rulers and lawmakers should be drawn from the consent of the governed,' and no country can be successful and prosperous that allows the great majority of people who create the wealth to suffer want, while the few own and control wealth, industry, and the Government.

"The first and paramount duty, therefore, of those who are placed by the people in position to govern by the introduction and enforcement of laws should be the enactment of such law as will enable those who earn their bread and clothing not only to eat and wear them, but in addition to realize the fundamental principles of this country, 'the inalienable rights of man: life, liberty, and the pursuit of happiness.'

"The conditions in this country, under its present social system, have undergone a remarkable change since its inauguration. The powerful combinations of soulless capital were then unknown and not dreamed of. To-day we are confronted with the dominant power of centralized capital that greedily grasps control of everything in sight, even the Government. The phenomenal evolution of science in our age of progress, with its multitude of labor-saving inventions, all these conditions point to the impracticable features of a law then established, or copied, and still in vogue, and demand the framing and enactment of new, common-sense, 'American laws' to meet the exigencies of to-day, as imperatively necessary.

"If we honestly desire the perpetuity of our republic we must take from the neck of free labor the heavy foot of combined capital; its giant fingers from the throat of free agriculture, and allow the lifeblood of this country its free circulation through the various arteries of honest industry, and take Thomas Jefferson's word for it—'The people and not the rich are our dependence for continual freedom.'

"Seventh, the introduction of that part of your official duties pertaining to arbitration and contained in article 2, chapter 95, Revised Statutes, which, like all labor laws, lacking efficiency, may in many cases have a tendency to avoid strikes, and will be a means to prove to the public that in nearly if not all cases corporations and employers are responsible for that destructive and unprofitable (but to labor, sometimes, in lieu of just and efficient laws, necessary) evil. In all of these investigations all labor organizations can and should and gladly will give you all necessary aid.

"Respectfully yours,

"H. W. STEINBISS,

"Secretary Building Trades Council and
"President Journeymen Painters of Missouri."

That was my position in 1896, and, as far as it bears on arbitration and other matters, that is my position to-day.

Q. (By Mr. A. L. HARRIS.) I see you have trusts in that as far back as 1896?—A. Yes, I foresaw them.

Q. (By Mr. FARQUHAR.) Have these trusts really been injurious to the working men?—A. Certainly.

Q. And the skilled mechanics of this country?—A. To all; if they are injurious to one they must be necessarily injurious to all. They concentrate their labor, they minimize the expense, and do everything to get everything out in the cheapest possible way to bring the most results and fortune to themselves.

Q. Do you know of any so-called trust in this country that has not raised the wages of its men in the last 2 years?—A. I only read the papers; I cannot mention particular ones.

Q. Do you know of any of those trades where there are not more men working now, and at better wages, than 2 years ago?—A. The times alone bring that along, and it is not the endeavor of the trust or the corporation, where the stockholders are unacquainted with the workmen, but leave it to hired men to do their bidding, who must enforce the rules that are given to them.

Q. Do not the trusts employ more union men now than the same trades did before?—A. I think so.

Q. Are you aware that nearly every so-called trust in America declares that none but union men are working for it?—A. I do not know about the tobacco—

Q. (Interrupting.) I am speaking of the skilled trades.—A. That is done for the reason that they are the best mechanics, and they get more work out of them and better work.

Q. (By Mr. PHILLIPS.) You alluded to good times having something to do with it. Are there any more employed now than there were in 1890 and 1891?—A. As a general thing, yes.

Q. Was the proportion about the same for the workingmen before the panic as it is now?—A. Before the panic, yes.

Q. (By Mr. FARQUHAR.) As capital combines for the accomplishment of greater objects, like our foreign trade and everything of that kind, where would your argument for your building trades council stand if you condemned these combinations? You are looking for the same thing they are—strength, force, and fair play—are you not?—A. No; I do not think so. I believe that they are looking mainly and principally upon profit.

Q. The greater productivity they have brought about in this country will certainly lessen prices, will it not?—A. Yes; but I do not believe they are productive of better wages.

Q. Are you not aware that they pay larger wages?—A. No; not to my knowledge. In some cases perhaps they do, because they must employ organized labor. They can not afford to have a fight on their hands, and, of course, they have to pay union wages.

Q. Are you aware, as a trade unionist, that these combinations have unionized labor in this country more than ever?—A. No; I do not think so.

Q. Do you know any of the combinations that employ nonunion labor?—A. The tobacco trust.

Q. I am talking about skilled labor.—A. They are union—a strong union, too.

Q. (By Mr. PHILLIPS.) Right on that question, do you believe that this large combination of capital tends to centralization and tends to make a working class and a capitalistic class?—A. It will bring that about, if there is not such a class now in existence.

Q. (By Mr. A. L. HARRIS.) You recognize the fact that fortunes are distributed in every generation?—A. Yes.

Q. I want to ask this question, whether organized labor is not looked upon by many people as a trust?—A. By some, yes. It is a trust, really.

Q. And legislatures in passing trust laws have excepted organized labor because the law would probably take them in as a trust?—A. Because it is a beneficial trust; it endeavors to elevate mankind, while the other simply is for profit and is injuring industry. For instance, since the sugar trust was established, we have lost a great many sugar refineries that employed thousands and thousands of men before.

Q. (By Mr. FARQUHAR.) You are refining more sugar than you ever did before, after you abolish a few of them, are you not?—A. Yes, that is so.

Q. Were not these sugar refineries built to sell just as oil refineries were built to sell?—A. Undoubtedly. We believe they would have been going on and men would be employed there if it had not been for the combination of these various sugar refining companies. I believe that there are a great many people in the United States to-day in our present prosperous season who are unable to have sugar on the table. I am positive of it.

Q. (By Mr. HARRIS.) In what locality?—A. In most all localities. What applies to sugar applies to other matters to a certain extent.

Q. (By Mr. PHILLIPS.) Was not the great development made in this country under corporate law by companies before the trusts came into power at all? Have they created anything? Have they not rather utilized these great combines to reap a profit for themselves and put prices up upon the public? Was not the development made without them?—A. I look upon it in that way. That has been my very argument in relation to agreements where the contractors have been trying to establish a trust.

Q. (By Mr. CLARKE.) Did you have anything to do with the street-car strike in St. Louis in the way of trying to bring about arbitration?—A. Yes; I have been in company with the presidents and secretaries of St. Louis when they were called upon in meetings to try arbitration, but the company refused to arbitrate.

Q. Was a definite offer of arbitration made by the strikers themselves?—A. Through their attorney, Governor Stone.

Q. And that offer was rejected by the railroad companies?—A. There was one offer that was accepted, but it was claimed afterwards that the answer was given too late; they got out of it that way.

Q. Did you or your organization personally make any proposition for arbitration in that matter?—A. The building trades council?

Q. Yes.—A. No.

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Q. You had no special part or lot in it yourself?—A. No; not officially; simply in an advisory capacity.

Q. Then your knowledge of it is substantially what any other citizen of St. Louis would possess?—A. Yes. On one of the controversies between the Suburban Railway Company and the employees' union I was one of the arbitrators.

Q. Selected by whom?—A. Selected by the union; and one was selected by the company, and the two selected another—three arbitrators.

Q. Did you hold a hearing?—A. Yes.

Q. You arbitrated the differences?—A. Yes.

Q. Made a report?—A. Yes.

Q. Was the report accepted and abided by?—A. Yes.

Q. It settled the difficulty, did it not?—A. Yes. The report was not satisfactory to me; I made a minority report. Yet the majority ruled and the union abided by the decision.

Q. There has been no trouble there since, has there?—A. No.

(Testimony closed.)

WASHINGTON, D. C., November 12, 1900.

TESTIMONY OF PROF. JOHN R. COMMONS.

Of the Bureau of Economic Research, New York City.

The commission met at 11.05 a. m., Vice-Chairman Phillips presiding. At that time Prof. John R. Commons, of New York City, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) You will please give your name.—A. John R. Commons.

Q. Post-office address?—A. 35 Lafayette Place, New York.

Q. Occupation or official connection?—A. I am a student and writer on economics and sociology, and have been teaching hitherto, but am not at present.

Q. What is the Bureau of Economic Research?—A. That is largely a hope, a prospect. Four or five persons like myself have joined together with the idea of taking up any line of economic or political research for which there seemed to be a demand in New York City, giving information, and making it of scientific character as nearly as we could, something reliable. We have been organized now about a year, but have not done very much yet. Each one has been working along his own line. It is not an incorporated body.

Q. Have you given special study to the subjects of industrial councils as advisory to legislation, and also to unemployment, public employment, day labor, contract labor, immigration, compulsory arbitration, etc.?—A. Yes, those subjects I have given attention to as a student. Also, in a way, I have had some practical experience, having been at one time for 3 years a member of a printers' trade union and holding a case, working at night on a daily paper in Cleveland, Ohio, which has given me some insight into the matter of labor and labor organization that has been of considerable advantage to me later in my studies; but I do not pretend to speak from the standpoint of one who is engaged in the practical work of labor at all—simply as a student.

Q. Please proceed in your own way to state to the commission such knowledge as you possess on these subjects and any opinions which you may have formed.—A. I think the subject of labor councils is one which is suggestive. I at different times have taken occasion to become acquainted with our State boards of charities and corrections and to notice the work which they have accomplished in the charitable and penal institutions of our States. I have no doubt you are all familiar with those boards. The State board of charities and corrections is something unique in this country, and the constitution of that board offers suggestions, I think, for similar boards in dealing with capital and labor. That is to say, it was found that the great difficulty in our State charities and penal institutions was the contest between the two political parties to get possession of those institutions; and we met that in this country by organizing a nonpartisan board, unsalaried, having an equal number of men on each side of the two parties and having no offices to distribute, no rewards to give. Consequently it was possible to get men in there who were interested more in the reform of the prisons and the charities than in their administration in the way of distributing the offices. As a result we can say, I think, that practically all of the progress that has been made in this country in improving the prisons and charities of our States has originated in these boards, the first one being organized in New York in 1863.

They work in this way: Being a permanent board, meeting say once a month for 2 or 3 days, they appoint a secretary who is a salaried official—practically the only office they have to give—and he is considered an expert on the question, becomes a leading authority in this country and other countries, and when the legislature meets—I have paid attention to this in the sessions especially in the Indiana legislature where I was acquainted with the commissioners—every matter of legislation that deals with State prisons or any charity or hospital is, of course, referred to that board; and they are on the ground there and can give their cooperation and assistance to the legislators who, of course, are not specially informed on the subject. In France and Belgium they have adopted practically the same thing for labor legislation; but instead of having two political parties equally represented, they have the capitalist and the laborer. In France the board is composed of 16 members elected by large associations of tradesmen, manufacturers' associations, national associations, syndicates, and 16 labor representatives elected by the labor organizations. Then the Government appoints another 16 experts. I came upon the practical operation of this labor council in France through investigating the subject of public employment.

Q. (By Mr. PHILLIPS.) It is called the higher council of labor?—A. Yes, the superior council of labor.

Q. It has 50 members?—A. Forty-eight members. I should say that originally for several years the council was appointed solely by the minister of the interior. Last year it was changed to an elective body, two thirds elected by the two interests and the other third still appointed by the minister of the interior. In the particular case that I have in mind the question of the prevailing rate of wages on public contracts was before the Parliament of France. The Parliament, it appears, referred it to this labor council, and the labor council called upon the bureau of labor statistics or the department of labor to furnish the council information as to the practice in other countries; and the report on that is the most complete report which we have on the subject up to that time, 1897.

Q. Do they have a similar council in Belgium?—A. The Belgian council was appointed about the same time as in France.

Q. In 1891?—A. Yes; about that time. The Austrian council is much later.

This council then took this material which was furnished by the department of labor, and they discussed that material with reference to forming some resolution which they could recommend to Parliament for adoption.

It has frequently appeared as a criticism against our department of labor—I remember one of the members here was speaking, not by way of criticism, but with reference to the desirability that the labor department might be of greater service to Congress, for example—that the department of labor did not take upon itself the duty of drawing conclusions from the voluminous material which it collects. It seems to me it would be out of the province of the Commissioner of Labor to draw conclusions. He does not represent anybody; he is not competent to suggest what kind of laws shall be enacted, because he is an administrative officer. The consequence, however, has been in our States that there is a struggle to always have a labor man as Commissioner, the idea being that he would influence labor legislation perhaps; but he does not do it, and very properly, because legislation ought not to be influenced by one interest where other interests do not have a voice.

This labor council, however, takes this material and has the Commissioner with them as one of their number, and they join together, and out of that they get some sort of a proposition which the two represented interests there can agree upon. As a matter of fact, in this case they recommended that in all public contracts a clause be inserted requiring that the prevailing rate of wages be paid. They did not go as far as the labor people wanted them to go, restricting the hours in all cases to 8.

Q. Do you allude now to France?—A. France. I am describing now in a concrete way the operations of this council. The discussions of the council occupied several days on that one proposition. It was presented to Parliament, and about a year afterwards Parliament adopted practically the recommendation of this representative body. It strikes me that there we have going on in France in the matter of labor what we are having in this country in the matter of charities and corrections—that is, expert assistance to legislation—and it is also representative of the interests affected; and I should consider that if we could have some sort of permanent body of that kind in the National Government and also in the States, it would be of assistance in the legislation and in administering labor laws.

Q. (By Mr. PHILLIPS.) The commissioner charged with about that duty.—A. This is a temporary body, but I have in mind something of a permanent character along the same lines.

In Austria they have two bodies—the bureau of labor statistics and the advisory council—at the same time, and the proposition which I have is quite similar to that; in fact, suggested by those three councils in Belgium, France, and Austria.

Q. (By Mr. CLARKE.) Your understanding, then, is that these European councils are largely governmental institutions; invite some cooperation from labor organizations, perhaps, but appointments are made by some government official?—A. That is true in Austria and Belgium and formerly in France. The law as amended last year reconstructs the French council in this respect, that 32 of the 48 members are elected, 16 of them by organizations of manufacturers and capitalists already in existence, like the bankers' associations; chambers of commerce, and the national board of trade, and the other 16 are elected directly by labor unions, which have been grouped into 16 groups for their purpose, each electing 1. That is the only amendment—that is the latest in their organization.

Q. Are the members compensated?—A. The labor members are compensated on a per diem basis, and I think the capitalist members are entitled to the same, but do not draw it in some cases. I am not positive about that. It is not expected there that they shall give all of their time to it; in fact, they only meet occasionally. Sixteen, one-third of their body, is a permanent body of men appointed by the Government; the other two-thirds are elected by the two interests, so that they compose the two bodies, or a salaried body and a strictly representative body elected annually.

Q. Have you ever attended a meeting of any of these councils?—A. No; I never have.

Q. Do you know whether or not the various elements work in harmony?—A. I have gone through the debates on this particular subject which I mentioned, and there was considerable difference of opinion; but as it finally came out on this particular measure the report was a unanimous one. So that I judge that they endeavor to conciliate as much as possible and agree on something rather than make minority reports. I have no knowledge except on that one measure.

Another subject to which I have given some attention is that of unemployment. I consider that as the most serious of all our industrial problems. It is the one which goes to the root of all other social problems. The most important thing for the workingman, I consider, is a chance to look out into the future and base his expenditures on a secure employment. If we can not get the American workmen into the habit of thrift, it is doubtful if we can make good citizens out of them. Now, it ought to be designed for old age; but if a man is compelled to use up his substance for a period of unemployment over which he has no control himself, then it breaks down his character. We have not a very definite amount of information on that subject in this country. While unemployment is a serious problem, it is at the same time the most general, in this respect, that if we should get every other social problem solved we would then be able to solve the problem of unemployment. I do not believe we can mention a single industrial or social subject which does not have some bearing on unemployment, and I think I can show that very plainly.

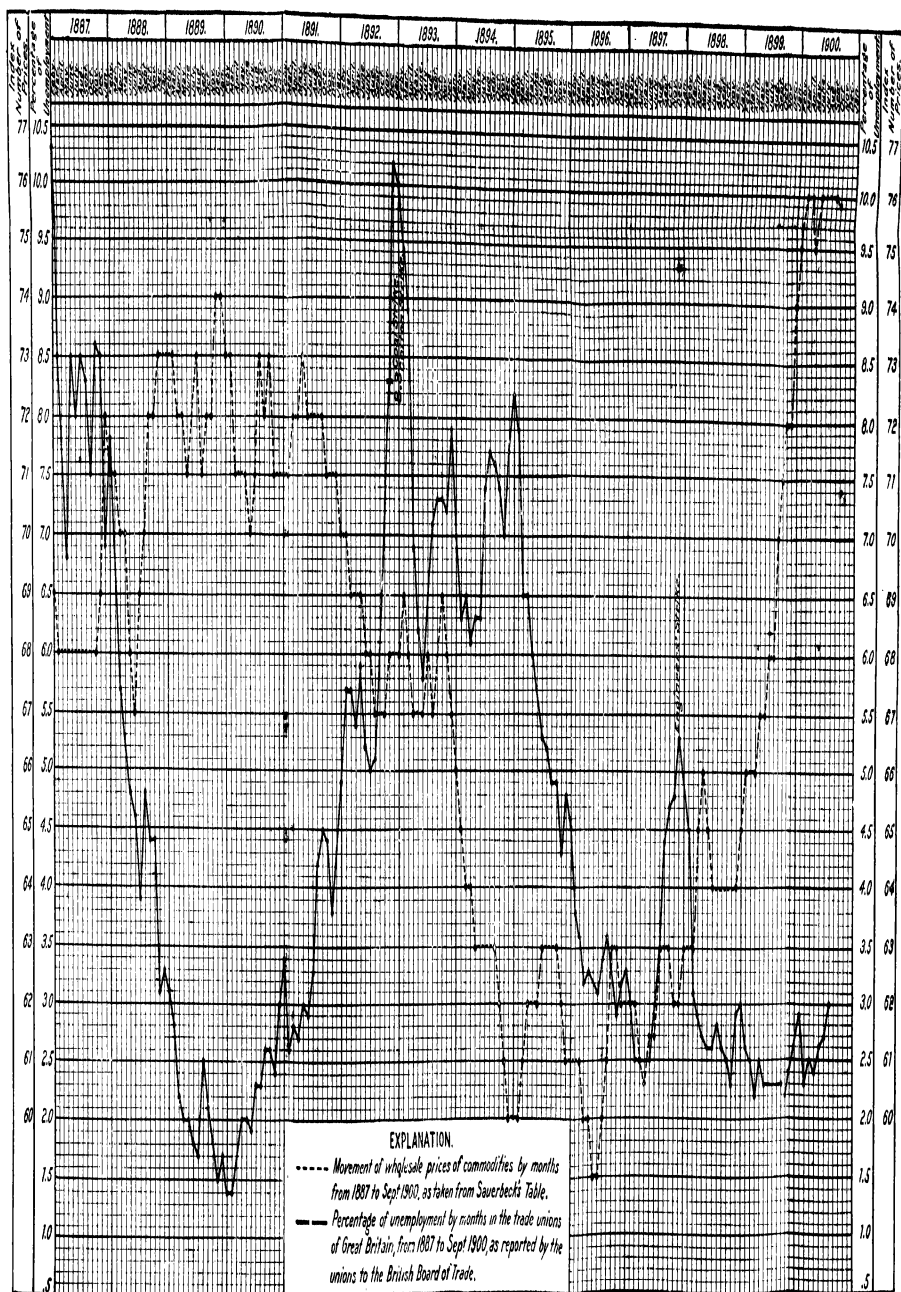
In the first place, it is necessary to divide the unemployed into different classes. We can not treat the subject as a whole, and I think the best division would be to divide them into four classes, as follows: First, the able bodied who are willing to work; secondly, the able bodied who are unwilling to work; thirdly, the totally incapable; and, fourthly, those who are partially capable. And the treatment for these different classes should be different, and the different experiments which I shall mention in different parts of the world are based on this classification, as you will see.

EXPLANATION OF CHART.

[Producing chart.] I was speaking of the lack of exact information on the subject, statistical information. I have drawn here a chart representing two things with reference to Great Britain. We have no data for a similar comparison in this country. The broken line represents the movement of wholesale prices of commodities, by months, from 1883 down to September, 1900. You will notice that with every period of prosperity there is a rise of prices, and with a period of depression there is a fall of prices from the lowest point in 1887. You see prices reaching a high point in 1889, and then there was a break in 1891 with the Baring failure; then in the summer of 1893 the serious panic and depression came on; and then, beginning in 1899, a period of prosperity is shown, the boom, the rise of prices.

Q. (By Mr. C. J. HARRIS.) You say this is England?—A. This is England. That is the average of 45 commodities, Mr. Saurbeck's index number of prices.

Q. Prices of staple articles?—A. Prices of staple articles—wheat, minerals, agricultural products, and manufactured products to a limited extent.



Q. (By Mr. CLARKE.) All this chart is based upon Fairbank's tables, is it?—A. This is all Fairbank's tables.

The other line, the solid line, represents the amount of unemployment by months in the trades unions of Great Britain, the reports being made to the British Board of Trade since that date 1887. The figures are given by the board of trade on the percentage basis, the per cent of the total number belonging to the unions who at that time were unemployed; and you will see that in the beginning a little over 10 per cent of the laborers were unemployed. As prices rose the percentage of unemployed fell until it was about 1½ per cent when prices had risen to the high point shown in December, 1889. Then, as prices fell, we again find an increase in the unemployment, the climax of the unemployment being in January, 1896. Then business seemed to greatly recover on a lower basis of prices, and the unemployment fell off and has been fairly steady at about 2½ to 3 per cent.

Q. You use prices here simply as a gauge of prosperity, then?—A. It is an index to prosperity in this respect, that it tells whether prices are rising or falling; it does not indicate the volume of business.

Q. The relation between unemployment and prices is merely nominal, then; but really the relation between unemployment and prosperity is designed to be shown in this chart?—A. Yes.

Mr. CLARKE. Consumption is one of the evidences of prosperity.

Mr. FARQUHAR. Most decidedly; it is the regulation of the whole market, and the only regulating force you have.

The WITNESS. In the way that the two go together the contrast is complete. I think in every month throughout they move in an opposite direction, unless there be one exception. The index of prices is the best index which we have devised yet to prosperity; that is, the formal index, the statistical index; and besides that, of course, there should be added an index of the volume of business, which is fully as important, but it has not been worked out by statisticians.

Q. It is possible, is it not, to make out a chart showing that and its relation to unemployment?—A. I should think it would be, and it ought to be done. We ought to have a statistical department here which would follow up this thing month by month. You can not get statistics for a remote period on unemployment in the past. It can only be done by organizing the unions and the collecting agencies for the present and the future, and then we could get the amount of unemployment in a general way, and also this index number of prices and the index of the volume of traffic. Taking the railway earnings, for example, and the amount of output of iron and steel, certain things which are recognized as indicative of prosperity, they could be combined in a way and we could have, then, three lines which would indicate the movement fairly well.

Q. (By Mr. PHILLIPS.) Then your point is that unemployment is the criterion of the depression, and that where there is full employment prices advance. Is that the point?—A. So far my point is that the two go together. I am not prepared to say which is cause and which is effect, but the two go together. That is as much as that would indicate.

Q. (By Mr. KENNEDY.) Would not most naturally the unemployment be the result of depression rather than otherwise?—A. Yes. Now, that brings up all the theories as to unemployment, and I think perhaps I could make myself clearer by going into some of these causes of unemployment and discussing them briefly.

Unemployment on account of the winter months is brought out by that chart. You will notice that in January of every year there is a rise of unemployment. If you follow that through, you will see it in every year—December, January, and February. If you notice, there is one year when in the winter months there is less unemployment than in the other months of that year, and that happens to be the time when in the same months the prices were at the highest, showing that even the unemployment of winter can be overcome by the extra prosperity at the time. The two things undoubtedly work together. If we have prosperity, the seasonal fall is not so great. Unemployment on account of seasons can hardly be called unemployment for this reason, that it is something stated and regular and a man can predict it and prepare for it. He can discount it in his wages. If he is a seasonal worker, and other conditions being equal, he can secure higher wages when he is working as an insurance against that unemployment which he is certain of. So that seasonal unemployment is not strictly a problem of unemployment. It is a problem rather of insurance, something of that kind. Unemployment proper is that which is owing to the fluctuations of business termed "prosperity" and "depression." That is the great problem.

Now as to the remedy. I shall speak of the theories, as to the causes, only so far as they apply to the remedy.

The first remedy, which I think has been discussed before this commission, is that of the trade-unionist, who says we can remedy unemployment by shortening

the hours of labor and thus make room for the unemployed. I believe that is the trade union remedy—the 8-hour day. That is based on the theory of underconsumption, viz, that the producers of commodities have not enough earnings to buy all they produce.

In the early days of this century Malthus placed as his remedy for unemployment the larger expenditure of the wealthy classes. He said that to give work it is necessary that the wealthy live luxuriously. I believe in our day we take the other position. Many different classes of writers take the opposite position, that to remedy unemployment we should have a greater consuming power on the part of the masses of the people rather than the rich.

The explanation of prices based on that principle is this, that the wealthy classes are the only ones that can invest in productive enterprises. The working people do not have enough money to save. They simply live from hand to mouth, consuming what they get, and are not able to purchase all they produce. The result is, the wealthy classes, having large incomes, invest in too many enterprises; that is, they add to the productive capacity more than the market will stand, and finally are producing more goods than there is a market for, and the collapse necessarily comes.

Apparently the remedy would be either for the wealthy classes to spend it in luxury instead of in mills and factories, or for the working people to get such high wages that they both absorb what would otherwise be the extraordinary profits, and thus they would use it in building their houses, consuming it rather than putting it into bank or investing it in new enterprises. Thus if the working classes could have a greater consuming power the multiplication of industries and overproduction would be impossible.

The trades-unionist comes with this proposition: He says we have to reduce the hours of labor in order to take up the unemployed. I very much question whether his remedy would succeed as regards the unemployed, for this reason—there are three or four possibilities. Suppose the hours of labor are reduced and production remains the same, as might be the case in some industries—I believe it is held in some industries a man can produce as much in 8 as in 10 hours—that would not afford any remedy for unemployment. On the other hand, suppose the hours are reduced to 8 and production is reduced in the same proportion, and wages are also reduced in the same proportion. That, plainly, would take up some of the unemployed, but it would not increase the consuming power, because there would be a larger number of laborers getting the same wages. The wage payments of the country would be the same, but be distributed among the larger number, and that would not help the matter. The only case in which it would succeed would be where the production is reduced and the hours reduced but wages remain the same. In that case the same quantity of production would have to be brought about by a larger number of laborers and the wage bill would be higher. But there is one thing overlooked which seems to me insurmountable. In the third alternative, if the wages remain the same and the hours are reduced it must increase the cost of production, and an increased cost of production means that purchasers will purchase a smaller quantity of the product—there will be less sales, and consequently the unemployment would not be remedied in that way.

In other words, I should say the argument for the 8-hour day is not to be based on the idea that it will lessen unemployment, but on other considerations entirely, such as the broad ground of American citizenship—that the American citizen ought to have more time for study, to exercise the rights of freedom, and so on.

Q. (By Mr. FARQUHAR.) In the New York statistics some generalizations have been made in respect to the shortening of hours of labor in the great trades. Is it not a fact that the New York statistics have shown that the shorter the hours of labor in a day more men have been employed in a given trade and more permanently than when working under the 10-hour system?—A. I do not have in mind those particular figures. The trouble in all such statistical studies is that you must take into consideration the general business conditions. If the change was made at a time when business was beginning to improve anyhow, it would be the improved conditions rather than the 8-hour day which steadied employment. The most complete study of the subject that I know of is in Australia, where they have introduced the 8-hour day, and yet they are troubled with unemployment even more than we are. It has not abolished unemployment.

The next proposition that is put forward I do not know that I need discuss—the question of unstable currency. That is one theory—sound currency and bimetallism. I will not take up your time with them. Then there is the question as to what influence tariff has. I suppose your commission is not taking testimony on those subjects. Those are general questions which affect industries as a whole, and there can be no permanent remedy for unemployment which does not involve

the stability of the currency and the tariff. I simply mention those large questions for the reason that in the detail remedies which I shall speak of I want to avoid the idea that I consider them as a specific, as a cure, but simply as a palliative, for meeting the exigencies as we find them.

A practical proposition which I want to present is this: That the public authorities which deal directly with unemployment must deal with those three classes that I mention—those who are able but unwilling, those who are incapable, and those who are partially capable. The modern industry has really increased the number of that class of people—the chronic unemployed.

I was talking with a gentleman the other day in New York. He has in his employ a lithographer, paying him \$25 a week. That is the union scale. The union does not permit anyone to work for less than \$25 a week. This man is growing old and can not do a day's work on that basis. He could earn \$18 a week and would be glad to accept \$18 a week, and the employer would keep him at that rate, but he is compelled to discharge him, and the man gets no work at all simply because of that union standard. Some unions remedy that by a special tribunal, which will decide in the case of the one man—take testimony as to whether he alone should be permitted to work at a lower wage without any subterfuge by which the scale itself might be broken.

Another provision is that on public employment, which limits the number of hours and fixes the minimum wage. It compels contractors on public employment to be more careful about the men they employ and to work them harder, and if a man does not come up to their standard he is discharged altogether. The general tendency is, owing to the speeding of machinery and the higher pressure of modern industry, to increase proportionately the number of partially incapable and incompetent workers.

Q. (By Mr. CLARKE.) You think, then, the effect of the minimum wage is to increase the number of unemployed?—A. Yes.

Q. On the ground of their not being quite up to the standard?—A. Not quite up to the standard.

Q. (By Mr. FARQUHAR.) Have not all the unions provided a remedy in piecework?—A. Piecework is all right.

Q. And grade entirely from the minimum wage scale down to the efficiency of the man?—A. Yes.

Q. (By Mr. KENNEDY.) When speaking of the partially or totally incapable, do you include those who may be said to be incapable as a result of vice, intemperance, and so on?—A. Yes; a man who is either physically, mentally, or morally weak is less able to hold a job than ever before, and of course in a period of depression he is the first discharged. He is the man likely to get into intemperate and vagrant habits, and that number is necessarily increasing, owing to the pressure of modern industry, which in this country is higher than in other countries. There is no other way out of it.

Q. Then that chart which you present, showing the unemployment of the English unions, and which shows that in a time of prosperity only a little more than 1½ per cent of the membership of the unions was unemployed, is very encouraging, is it not, showing there are not many who are incapable as a result of vice or physical deformity?—A. I should say in regard to that table, it includes only organized labor, which in England is only about 15 or 16 per cent of the total, and unemployment among the unorganized is in excess of that, and it is among the unorganized that these cases would be found. That is where the problem is. Booth's figures show as much as 30 per cent in East London, and I think he would figure that 10 per cent of the country at large are below the line of efficiency either morally, mentally, or physically as regards industry. The number is exceedingly large in England, and we do not know how large it is in this country.

Now, with reference to this body of persons that are below the level, they need to be dealt with on different standards, and I do not speak of it from my own information or opinion, but from the study of what is being done in different countries.

To begin with, I would like to speak of the labor-colony idea, and to show what we have done in this country on that line. You, of course, know about the labor colonies. The State of New York has established an epileptic colony near Rochester. I have never visited it, but I have interviewed the superintendent. Curiously it turns out that epilepsy is largely a disease of unemployment. There used to be various medical theories as to the cause of epilepsy. It was thought to be a germ that got into the backbone, or something of that kind; but they have a remedy there in this colony, where they work outdoors. They have a motto, and it is this: "Fits, no work; work, no fits." He has cured epilepsy there. He has

found the cure for epilepsy. They have a colony in Ohio along the same lines. In Ohio the superintendent of the institution for the feeble-minded some years ago said that if the State of Ohio would buy 1,000 acres of land and give him all the feeble-minded in the State he would make them self-supporting. The State of Ohio has recently given him the chance, has it not?

Mr. A. L. HARRIS. Yes.

The WITNESS. Do you know how far along he has gone?

Mr. A. L. HARRIS. That is in its infancy yet.

The WITNESS. This point is to be noticed: He said he wanted all the feeble-minded. Some are totally incapable, while some can do work. Those classes of people who are below the level of independence can be made self-supporting if put under skilled management and organized in that way. If they are taken out of our centers of population, out of the crowded sections, tenement houses, and indoor work generally, and put out of doors under management which can make their work compulsory—not penal, but compulsory—there is a chance of making them self-supporting, and a certain number of them can be restored to efficient workers, capable of being passed out into industries in general.

Now, there is no reason in the nature of things why that remedy is not applicable to tramps and drunkards. The Australian colonies have applied it to drunkards. The man who is convicted of the third offense of public intoxication or shown by medical examination to have something like insane indications is committed to one of these colonies. The law has not been perfected, but they are working along with that idea in mind. Massachusetts has a dipsomaniac hospital, where drunkards are sentenced with the idea that they may be cured, but they have no provision for compulsory work. They are meeting with no great success.

In our prisons and county jails—I am speaking of the one at Syracuse, in New York, which I know more about—I think 40 per cent of the commitments in the year are tramps. It is supposed to be a workhouse. Some 900 tramps come in every year under commitment, sent up from different counties, and supposed to work. What they really do is to hatch criminals. It turns the tramp into a criminal. Now, if there could be some way devised whereby these tramps could be sentenced, not for 3 months, during the cold weather, but until cured, until they have learned how to take a job and keep it, learned some useful trade, not necessarily making them skilled mechanics, but good farm hands or people who could work on large contracts or something of that kind, so they would get the habit of industry, we would do more than anything else which has been suggested to meet our present problem—the tramp problem and a very large part of the unemployed problem. That is, to apply to the tramp and drunkard compulsory work, but rid it as much as possible of the penal idea, and that would be brought about by adopting the colony principle, where all the people live outdoors, have their own houses, where there is a sort of seeming independence. They have schools and churches and can have associations of several hundred together, conducting a little community, but under management and supervision.

In Holland they have carried that idea a little further, and have a compulsory beggar colony, or free-labor colony, that I take it is provided for this partially incapable class of people, who border on the feeble-minded, who are next door to those cared for in the epileptic and feeble-minded colonies—that kind of people who have never learned how to work, never had any training, technical or otherwise, and have not learned how to save money, from different causes—people who are provided for in most of our almshouses. The almshouse need not have the stigma of pauperism even for these tramps who are thrown in. It could be made a labor colony, where those partially capable of work could be employed, and that, I take it, is the idea of the labor colony in Holland and the one now started in New South Wales.

Q. (By Mr. CLARKE.) Do not unemployment and tramping find encouragement by indiscriminate giving on the part of the people?—A. I think the reason why people do give indiscriminately is because the burden of proof is on the one who gives and not on the tramp. The tramp says he can not get work, and therefore you give him something. You do not want to make him starve if he really can not get work, and the burden is on you to prove that he can get work. But in Holland it is known by every citizen that there is a place where every tramp can find work; and if he is going up and down the country begging, the burden of proof is on him as to whether he should not be in one of these free colonies or one of these compulsory colonies. And I believe in Germany public begging has practically been abolished owing to the establishment of these institutions.

Q. You have heard of the experiment in Cambridge, Mass., where, without any law on the subject, the people came to the agreement that the city government

should establish an opportunity for some crude kind of work, like sawing wood, and that tickets should be issued to all the inhabitants, which should be given by them to any tramp who applied at their doors; and if he would take a ticket to that place he could get work and have a lodging, but if he appeared without a ticket he could not. In that way the people were saved from giving either food or money, and the tramp was actually benefited as well as temporarily relieved.—A. Yes. Of course, I think that will work to some extent, but it does not have the full educational value, in that it does not keep the man long enough or give him any training or any steady habits. These people who are tramping are really people who are defective, in a way, and they need some sort of discipline. They need something that will restore in them the habit of continuous work, and that is the advantage of this idea.

A great many people are out of work because they do not know where to go for work; and I suppose the systematic establishment of employment bureaus would be something that might be well considered. We have State bureaus in some States. There is one thing I would like to say about these State and city bureaus, and that is this: As far as I have observed them they are not efficient, mainly because they are considered as a political appointment. That is true in Ohio, or was some years ago; I am not certain how it is now. The difficulty is that the man in charge is not acquainted with employers in the neighborhood and does not know who wants employees. In Seattle they have met that pretty well, if I am rightly informed. There the employment bureau is put in charge of a commission of unsalaried citizens—leading business men. They can give their time to it, because it does not take much of their time—just the same as they give their time to any charity they may belong to. The State does not appoint the agent, but they appoint their own agent. He conducts the registration and makes the acquaintance of the employers under the direction of these business men, who are themselves employers. That is an idea that is worth considering. Where you simply have one man appointed as the head of a local employment bureau, whether it is a political appointment or otherwise, the chances are that you will not get a man on an ordinary salary who would have connections with employers. It is necessary to bring in some sort of employers' committee that shall itself be interested in lessening the unemployment, and shall be careful that the men recommended shall have some recommendation, so the employer taking them on will not be disappointed and thus lose confidence in the bureau. I think the public bureaus have had that defect; and so far as the private bureaus are concerned, they have not accomplished much in doing away with unemployment, their work being mainly with domestic and hotel work.

Q. (By Mr. PHILLIPS.) Has there been much done in the way of public institutions by the States?—A. In New York and Ohio, and probably Illinois.

Q. That is, in a limited way?—A. Yes, in two or three large cities.

Q. Is there one in New York City?—A. There is one in New York City—three in Ohio.

Q. Do you know what appropriation the one in New York City gets from the State?—A. I do not think it gets very much.

Q. (By Mr. FARQUHAR.) When you speak of utility of these public employment bureaus, do you take cognizance of the fact that all the labor unions nearly provide for all their unemployed, and for those nonunion men who come under their jurisdiction?—A. Yes; I am glad you stated that.

Q. That leaves the great body of unemployed as unskilled labor?—A. Certainly. It has been shown in London and in this country that at times of depression practically no union man has applied for relief from the public authorities. He is cared for one way or another by his union.

Q. What is your opinion of the practical worth of these charitable associations in cities, in providing work and shelter and food for the unemployed?—A. Well, I do not like to make any sweeping statements. I can only speak of those I happen to know, and I do not like to mention those. But I think, as far as I know, they are very unsatisfactory. They are very often imposed upon—too often. They are not critical as to the worthiness of applicants. The man that takes an active part in the religious exercises is more apt to get help than one who does not. My prejudice is strong against these bodies. I think they ought not to be encouraged, or if they are, it should be under very strict State supervision of some kind, such as the State board of charities and correction.

Q. (By Mr. CLARKE.) You think they mean well but do not know?—A. Yes. They have not this connection with employers, and they usually degenerate into soup houses and indiscriminate relief. I had a very striking experience of that kind investigating one of these agencies. I was referred to one of these societies by a wealthy gentleman whom I knew quite well. He was a patron of this

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agency and was very proud of it, thinking it was doing a great work. I took special occasion to investigate it fully and find out what it was doing. I think his money was worse than thrown away.

Q. (By Mr. FARQUHAR.) Do they encourage pauperism?—A. Yes.

Q. (By Mr. PHILLIPS.) Can you describe briefly in what way the money was thrown away—the particular objectionable features about that kind of work?—

A. The special reason was what I mentioned a moment ago, that there is no strict examination. Men are put in charge usually who have made a record as good men in religious work, and they do not seem to be able to detect these frauds that come for relief.

Q. (By Mr. CLARKE.) They are gullible?—A. Yes.

Q. (By Mr. FARQUHAR.) Have you any remedy to propose to eliminate these chronic frauds?—A. Make them work.

Q. Compulsory work?—A. Compulsory work. Not penal work, but compulsory work. Make a difference between compulsory and penal work, and then we would educate the public.

Q. You would have to have a criminal commitment?—A. You would have to have the court commitment, but the penal character of it would be done away with by the fact that it was out-door work, where they have no fences and no walls as in these boys' reformatories; something of that kind, where the young fellow is sent and can escape—they do escape but are captured again, and if a few do escape it does not matter much. The general principle will hold, I think. The main trouble is that the sentiment of the public is against coercive measures. Men get commitments to the penitentiary and jails, and it has a vicious influence. It makes them criminal because they get in a company of toughs, and they spend their time learning high crimes. Now, if they can be sentenced to a place where they do not have time to loaf, where they get tired, and where they learn something, the public would not be so sentimental. They would still be humane but firm enough to effect a remedy. The reason why I dilate on it is that I think the number of people of this kind—drunkards and tramps—is increasing.

Q. (By Mr. PHILLIPS.) What would you do with the product of their toil or labor?—A. That is a difficult question.

Q. How is that managed in Holland?—A. Their object is to do away as much as possible with machine labor and have most of the work hand labor, and to manufacture the things which they can use in their colony rather than things which would be sold on the market. They have one tract 16 miles long and I do not know how wide, but it is a large area. It would seem that under proper management such people could be made largely self-supporting without dealing with the outside world, if you have a colony as they have there in Holland.

Q. Do they not after a certain time allow them a certain amount of ground for their own use?—A. In the free colony they can go with their family, but I think the New Zealand and Australian method is superior in that respect. The criticism is made that in the free colony in Holland, by giving the beggar the idea that he can stay there always, they do not present a sufficiently high aim or goal. They simply locate there, have their family, and multiply and produce incompetents.

In New South Wales the parliamentary commission that has been sitting on that subject has just proposed that this colony be a temporary place, and that having shown his competency there, he can be promoted, as it were, to a homestead on Government land. That is, the Government makes use of the unemployed to clear off the prickly pear, for example, where the land is being ruined over a large area by that plant. They clear it off and drain it, and having thus opened it up, they take those more competent and transfer them to the assisted settlements, or something of that kind. They carry with them a cow and a horse, possibly, and the Government loans them something at 4 per cent and does not tax them on the improvements, but simply on the land value. So they are encouraged to get all that they can out of the settlement.

They have considered that very fully in New South Wales, and the plan which they recommended last year seems to be quite interesting, but whether it will work out I do not know. Of course, in this country such a remedy depends on having a large tract of vacant land, and if that were at all contemplated, it would probably have to be by the National Government, because it would be necessary to have these people taken from the Eastern States onto the land.

The Salvation Army carries on such colonies out West, and the railroads out there are encouraging it. They give them cheap transportation and they have helped them a great deal in starting these colonies. If some large enterprise were undertaken of that kind, some plan worthy of the subject, it would doubtless receive the assistance of the railroads, as they have already done such work, and it might accomplish something.

In New Zealand I think they have the best labor gazette which is found in any country. France has one, as has also Belgium and England. There is none in this country. The labor gazette is simply a monthly publication which describes briefly the state of employment in the different cities and localities and the rates. Now, a workingman would want to know where would be the best place to go. He sees that in Auckland things are rather overcrowded. Here are a number of other places where there is a demand for labor. The ignorance of our unskilled laborers, who have not the benefit of labor unions, as to where to go—and in a country of this kind the difficulty is greater than in a small country—would be overcome largely by such a labor gazette. At least one of the labor unions in this country that I know of has created an interstate agency of that kind, the center being in New York, and they keep in touch with employers throughout the country and agree to furnish them labor. Then they have reports every week as to the number of men out of employment in the various unions, and they can send word to the local to send men to that place. The labor unions can take up a matter of that kind much easier than the unskilled laborers.

In general, it seems to me that for relief for the unemployed we must look toward agriculture, toward the reconstruction and resurrection of agricultural conditions. This came to my attention especially in New York about 3 years ago when the association for the improving of the condition of the poor found that men from the country were crowding into the city, and so they sent out 2 commissioners into New York State to find out why people would not stay on the farms. They found out that 86 per cent of the children of farmers refused to stay on the farm. Those are the figures which they give. Eighty-six per cent of the farmers' sons refuse to stay on the farm, and a large per cent of the farmers themselves would come to the city if they knew how to do it. But this commission found also that there was one section of New York State where that was not true, and that was around Cornell University, where, owing to the experimental station there and the activity of the station, they had educated the farmers of that neighborhood in scientific agriculture, in diversifying their crops; and so on, and had made agriculture both interesting and profitable. That was 3 years ago, 1897. I do not suppose similar things could be said at the present time about agriculture. It is doubtless in better shape. In general, their remedy was that in order to relieve the poverty and pauperism and unemployment of the cities something must be done to get men back into the country. And this labor-colony idea is one of the remedies along that line.

Q. (By Mr. CLARKE.) The labor-colony idea is based primarily on public improvement of some kind, is it not, rather than a private productive enterprise?—A. Yes.

Q. (By Mr. FARQUHAR.) Reclamation of waste land, etc.?—A. Yes. When we come to public employment there is one thing that ought to be said: Public employment naturally occurs to most people as an immediate remedy, furnishing relief of some kind, but this thing is to be noted, that if it is to be effective relief the employment should not be made through contractors. It should be made a matter of direct employment by the public authorities, hiring the men themselves and paying them the wages and planning the work. If you will remember the reports made a short time ago as to the distribution of this million dollars in Porto Rico to assist unemployment, you will remember it was done through contractors and there was much complaint that they cut the wages, as they could do in a period of depression, and they compelled the men to purchase from company stores, and so on, so that the benefit designed did not accrue. That is not an isolated case. In general, it is found that work of that kind must be under the direct employment of the state to avoid that difficulty.

In English states and recently in this country the laws regarding the prevailing rate of wages have been aimed at that evil in a way. In London and in Great Britain it grew out of the investigations in the sweat shop, and it was found that army clothing was being made in sweat shops by contractors at very low pay. So the Government introduced a clause requiring that in all public contracts the prevailing rate of wages be paid. In London the difficulty of enforcing that contract has led them to adopt in a good many cases the municipal construction of public works—that is to say, they create a board of public works and they have constructed in London so far insane hospitals, public buildings, tenement houses, and have put down paving, sewer work, and laid pipe, and different things of that kind. Now, in the work they have done there one policy that they have adopted has been to increase the activity of work in the winter, when private employment is slack, and thus to take up the unemployed as much as possible.

It is an interesting experiment in Boston in that regard which has been made in the waterworks department. The waterworks department in Boston is endeavoring to give steady employment now to its men rather than throw them off its

the winter and make them a public charge. I do not know how they are doing now, but 2 years ago, I know, they had machines for thawing out the ground, even went so far as to have steam machines to thaw out the ground in order to lay water pipe in the winter; and they made the report that it was done as cheaply as it was under the old system, under the old circumstances—that is, taking the whole staff and the way in which they can readjust and reorganize the staff, the department can lay pipe in the winter as cheaply as before. Whether this is carried out by later experience, I do not know.

Q. (By Mr. CLARKE.) I suppose you are aware that the metropolitan water board is carrying on a great deal of new work. How would it do in a city where there is no new work to be undertaken, except occasionally to extend a main?—A. That is, what kind of work would be found for winter work?

Q. Yes.—A. Well, in our northern climate that is very difficult. I have heard a great many projects, and I think that is practically the difficulty of charity organization societies—to find a quantity of winter work. The only thing that I can mention is that if you have a public department, a street department, or water department, or sewer department, that makes it its policy to increase the winter employment rather than the summer employment, it would be able to discover ways of doing more than is being done now. In London it is being done, and this one example in Boston is the only thing I know of in this country.

Q. You would recommend that this whole matter of public employment should be divorced from politics as much as possible?—A. Yes; without doubt. As to politics I would like to say this: I think, practically, the greatest discovery made in public employment in this country was that which Colonel Waring introduced into the street-sweeping department in New York. He took men who had been under a régime of the grossest kind of political favoritism—about 2,000 street sweepers—and made them effective. The principal thing he did was to organize them into a self-governing board of arbitration, in a way. There are 40 stables and some 50 men in each stable on an average. He had each stable organized into a union, as it were. Then, in that way, the 40 stables each elected one member to the board of representatives of the street sweepers, which met by itself in secret, the commissioner himself having no representative there. Now, if anybody made a complaint against a foreman on account of ill treatment, for instance, his representative carried it before that board. If that board agreed that it was not well founded, they turned it down and that was the last of it. If his fellow-employees would not sustain him he had no chance whatever. And they turned down about two-thirds of the complaints in that way. If they agreed that the complaint was well founded, it was then carried up to a board composed of 5 members elected by this representative board of 40 and 5 other members appointed by Colonel Waring himself from the superintendent's staff. These 10 men considered this appeal of this employee against the foreman, and they settled in that way every case that was brought before them except one. There was only one that went to Colonel Waring himself, and he decided in favor of the man in that one case.

The idea there it seems to me is this: Under any system of public employment in this country we are bound to have the workingmen get the idea that they can appeal over the heads of the foremen to somebody. They will appeal to the alderman, to the district leader, to the political boss; they are going to have the appeal. Now, the ordinary political machine, as instanced by Tammany in New York, lives on that kind of thing. Waring took that all out of their hands. The alderman, the boss, or the district leader could go and deal with the head of the street-sweeping department. But he created a tribunal with rules of procedure and with records so that complaints could be dealt with in such a way that fairness could be secured. The result was that if that had been continued the street-sweeping department would have continued in that high state of efficiency which it had during that time and which was very remarkable.

Q. (By Mr. FARQUHAR.) But in the cities where the street sweeping is done by contract, and the city sometimes divided into 3 or 4 or 5 districts, it is impossible to carry that out?—A. You can not do it by contract. It is based on direct employment.

Q. (By Mr. CLARKE.) Why was Waring's system discontinued in New York?—A. I am not able to say. I suppose they did not want to have self-government.

Q. It was a result of the political change, was it not?—A. This lasted as long as he held. Several other changes took place at the same time.

The most evident, patent, and obvious cause of unemployment in this country is immigration. I have talked with officials on that subject, and they will say that after investigating the subject they can not locate any place, can not say definitely, that immigration does cause unemployment; but if you mean in New York State, New York City, the industries, if you mean tobacco workers, or the

garment trade, or stonecutters, why, they will have to make a concession there. In those cases immigration does cause unemployment. It seems that immigration in our Eastern States with reference to the unskilled labor is a very serious matter in the question of unemployment. Some of the unions protect themselves in interesting ways. There is one union that charges \$50 initiation fee for a foreigner and \$3 for a naturalized citizen; and then another union, the engineers' union, has induced the State of New York to pass a law that the license for stationary engineers should be granted only to citizens. There are a great many ways like that that are coming in to protect the local and different labor interests. In those trades that are affected there seems to be no doubt that there has been a decline, not only a decline of wages, but where the union had been able to keep up its wages they complain that the amount of employment has decreased, owing to the increased number of nonunionists; and, of course, the immigration breaks down the unions.

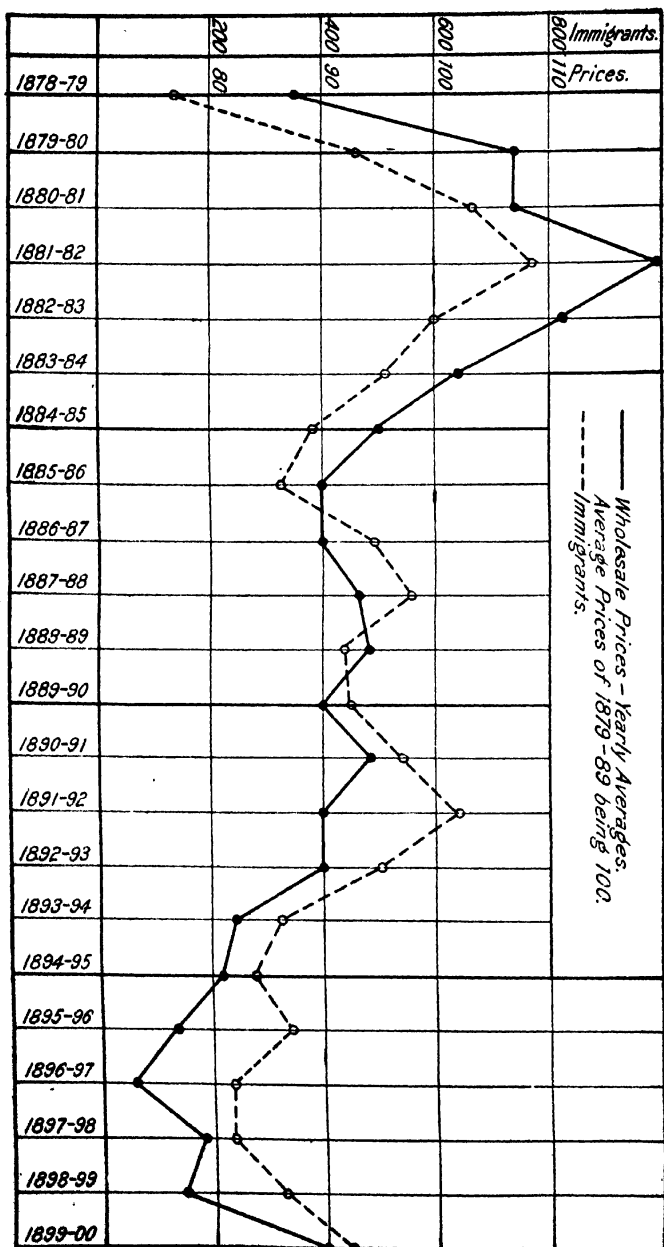
EXPLANATION OF CHART.

I have drawn up another chart here, which may be of interest to you [producing chart]. As you, of course, know, immigration comes to this country only during times of prosperity, and I will show you the line of prices. The solid line indicates the prices based on the average prices for the period 1870-1880, showing, first, the period from the depression from 1879 to the great prosperity of 1881 and 1882, and then the depression of 1884 and 1885; then the depression of 1893, and this recent period of prosperity. The other line, the broken line, indicates the amount of immigration into this country, and you will see the two lines are practically parallel. The number of immigrants rose from something less than 300,000 in 1878-79 to 800,000 in 1881-82. I do not think that adds anything to what you know, but it brings out distinctly and clearly that immigration depends upon opportunities in this country—that is to say, the immigrant is not going to come where there is no work. He is not coming to this country unless he has prospects of a job, and he has pretty good knowledge, because most of them, I believe, come through correspondence with their friends in this country. In periods of depression, of course, this immigration matter accumulates with other causes, and although there is a smaller number that come and a greater number that go back, yet at that time it creates more unrest. During this period of prosperity I have taken pains to ask some labor-union people in New York, and they complain that owing to the immigration they have been unable to get any increase in wages commensurate with the increased prices.

Q. Do you think that is an enlightened judgment of theirs?—A. I do not know. That is just talking with some of the leaders. I have not gone among the men or the employers, and I have not made any special study of the subject; but that is the way they talk about it. I do not know to what extent that would be sustained.

Q. (By Mr. FARQUHAR.) Is it also a fact that those immigrants that have been coming in have been able, by staying here 3, 4, or 5 years, ultimately to learn trades and displace Americans?—A. Yes; I suppose so. Of course we have to make a distinction between the different immigrants who go to the places where they start for. If they are distributed out in the West, if they go out where there is a demand, then of course the pressure is not so great, but in the Eastern cities and States it certainly is a very serious matter. You remember when the canal was built in New York State. I think that appropriation of \$9,000,000 was largely owing to the labor vote. They thought they would get a job. What did occur was that the contractors brought in Italians, and the Italians did not patronize the merchants, and when the contractors finished the job they left the Italians there for public charities. That is what was done, and a particular case like that ought to be met in some way. Whether that involves a similar judgment on all industries is another question. Each race and each trade should be taken up, and each section of the country may have a different evidence.

There is one thing I ought to say, I think, about the statistics of immigration. That is the alleged greater criminality of foreigners. It is often stated, I see, that the foreign born furnish more than their proportion of criminals to our prisons and penitentiaries. If you will notice the way in which these figures are compiled, they are usually based on a total population of foreign born. Crime is a phenomenon of adult population, and of a male population, practically, so the comparison ought really to be based on a proportion of the criminals or commitments compared with the proportion of adult males in some race or nationality, foreign and American. For example, the foreigners come to this country after they are 15 or 18 years of age. Their proportion of adults is much larger



than the native. I think about 47 per cent of native-born Americans are over 21 years of age, while 85 per cent of the foreign born are over 21 years of age. Consequently, the foreigner might have nearly twice as much crime, compared with the total population, as the native born, and yet, compared with the adult population, they would have only the same quantity of crime. That has been pointed out by some statisticians, but in the popular literature it does not seem to have taken hold yet, and statistics in the census are made to show worse against the foreign born in the matter of crime than the case actually warrants.

Q. (By Mr. FARQUHAR.) Is it not shown by the sociological studies in this country that the first generation of the foreigner is the one that contributes largely to the criminal classes?—A. That is very true. The point, however, is this: I think that the foreigner and the children of foreigners contribute more largely to the minor crimes and misdemeanors—drunkenness, etc.—than they do to the large crimes. For example, I figure out on this basis: In the matter of prisoners in the prisons in 1890 on commitments for drunkenness the number of foreign-born children was five times as large as of native-born children; whereas on the general average of all crime it was only a little over 30 or 40 per cent higher, showing that their preeminence in the statistics comes from these minor crimes. Now, in any treatment of the subject that ought to be taken into account, undoubtedly the foreigners and children of foreigners are the worst element which we have in this country—the native-born children of foreigners are the worst element. They are the hoodlum and bum element, not the tramp element necessarily. The tramp element is largely American stock. They may be the second generation of foreigners, but largely they are American stock.

Q. (By Mr. PHILLIPS.) How does it come that such a large per centage of tramps are American or English-speaking people?—A. I will tell you one thing I noticed in the printing trade within the United States. There are a great many tramps in the printing trade, old fellows, on the road. Along in 1875 and 1876 there was a depression. You remember a great many people, almost the same as Coxey's army, were roaming at that time. I do not know why those American printers should have started out at that time: a number of them were well-educated fellows; but they were men who had probably been dissolute and drunkards and were not steady, and it is that kind of men which are on the road. But the German printers are a very steady set. I do not know why it is.

Q. (By Mr. FARQUHAR.) In the printing trade was not a good deal of it accounted for through State printing, which brought men from various sections for State-printing work in winters?—A. Well, that is a migratory trade.

Q. (By Mr. PHILLIPS.) A large per cent of foreigners are employed on railroads and public works, and Americans may not like to work with them, and hence seek other employment. Does that enter into the tramp question very materially?—A. I should think it did.

Q. (By Mr. A. L. HARRIS.) Was tramping in a trade somewhat encouraged by what is known as tramp States helping them along from place to place?—A. Yes.

Q. (By Mr. FARQUHAR.) Did many of these unions, up to 1880, in issuing these traveling cards upon which the men could get help if they wanted it—which they very seldom did—encourage this tramping?—A. Yes.

Q. (By Mr. CLARKE.) Have you discovered any reason why the children of the foreign born should be hoodlums any more than the children of native-born?—A. In the case of the foreign born parent, the father and mother, we will say, can not talk English, they can not keep control of the children. The child goes out and disobeys. If he were in his own country, and the parent knowing all the neighborhood and the interests and surroundings, and the child himself being disciplined by outsiders more directly, they could keep the child under control; but they break away here. I do not know how accurate I am, but my idea is that it is the Irish young that swell that number more than any other. I doubt whether you find the children of Germans and the children of Italians as bad as the children of the Irish. I can bring other authorities that concur with me. I can not be held to figures on it, but it is simply my general impression.

Q. (By Mr. CLARKE.) Would compulsory education—A. (Interrupting.) Compulsory education? The schools come up against that question with reference to the compulsory education law, and I think they find that the children of foreigners are more difficult to deal with.

The State of Minnesota has practically wiped the hoodlum element out of Minneapolis and St. Paul, and they have done it through what they call the board of State guardians for children, which has authority to go into the cities and take these children away from parents who are unable to control them and find homes for them in the country—put them on farms—and keeping careful supervision over them. They have been at work on that for nearly 20 years. The State board of

charities claims that the hoodlum element is practically wiped out of St. Paul and Minneapolis. That seems severe and harsh, but it is done largely through moral influences instead of actual numbers taken out. Of course, when one family sees a child taken away from the neighbors it has a good effect.

Q. (By Mr. CLARKE.) Have you studied the statistics of Massachusetts in regard to that system?—A. Yes; I am acquainted with the officials there and have looked into that.

Q. (By Mr. PHILLIPS.) Are they doing the same kind of work in Massachusetts?—A. Yes; and in Washington here the board of guardians is doing good work. Indianapolis has one.

I have been quite attentive to the subject of arbitration on account of my interest in compulsory arbitration. I have inquired among labor people as to what was their objection against compulsory arbitration, and I find that their objection is simply that they distrust the courts, and the employers, some of them, say that that is their objection. If that be so, whether the ground is sound or not, it is something that might be met in another way. We have to distinguish between the two elements of compulsion in the arbitration scheme. One is the compelling of the enforcement of the award, and the other is compelling the award to be made. Now I can not see why it would not be possible to divide those two propositions and enact a law, especially in the case of railroads and street cars, which would compel both parties to provide and especially to reach some sort of an agreement. If it were done by a shrewd judge or presiding officer, in the case of compulsory arbitration, he would act as a mediator, with the assurance on the part of both sides that if they did not themselves reach an agreement he would have the ultimate power of deciding. Now, I can not see, if that condition comes, why it is not possible to devise some way of simply compelling both sides to come into a court, or into some sort of a body, by which it should not be held necessarily that any one man should decide between the two, but that they should in some way reach an agreement. That, I understand, is largely the way it is done in New Zealand. At the same time we can not have a compulsory law until a great majority of the people are in favor of it, and I believe the people are in favor of such a measure at the present time. There are but a few employers—and it is mostly the employers, I believe—that would object, that stand in the way of arbitration. It was so in the anthracite case. There are but few employers that really reject it. The great majority of employers are in favor of it, and the compulsory law is simply a necessity on account of those few that hold, as it were, a strategic position, for by refusing to consent to arbitration they can compel their competitors to refuse. A man that will not consent to arbitration will not have the right conditions in his business, and owing to competition can undersell the others. Now, the coercion principle is usually misunderstood in this country. It is not coercion in the sense that it is going to compel all employers or all unions to submit, but is coercion with nine-tenths of the employers and nine-tenths of the unions which can be dictated to by this other tenth owing to its strategic position. If it is put in law the public then has a right to demand peace. These few that are holding out and standing out against it—as they have an advantage, as long as we do not have some sort of compulsion they can not be brought into court to make some sort of an agreement. As to whether that could be done or not I do not know.

Q. (By Mr. CLARKE.) Do you think that the public have a sufficient interest in the subject to justify public interference in private dispute in all cases where large numbers are concerned?—A. I think in certain disputes the public has an interest. That would be a question for each investigation, as to each interest.

Q. (By Mr. FARQUHAR.) For instance, the Cleveland surface railway strike?—A. Yes. I should say there, decidedly.

Q. Positive interference on the part of the public there?—A. Yes.

Q. For the regulation of a public utility?—A. Yes. They prostrated business, they destroyed confidence, and they injured the community, so they must be brought to terms. It is not that justice can be done that the courts are established. Some great lawyers claim that the courts have decided wrong just as often as they have decided right. It is not in order that absolute justice may be done, but that the settlement may be made, possibly, and that the community may go on. If they make one decision wrong, there is a chance to make another right. The next decision may be reversed and progress may be made. There is always a chance to improve. No justice can be made on one side or the other under conditions of violence or public disturbance. It must be done under the supervision of a tribunal of some kind that has power to a certain extent. As to how far they will go, that is a question for lawyers.

Q. (By Mr. FARQUHAR.) You are not sure, then, that compulsory arbitration could obtain in this country?—A. With the public?

Q. Yes, or with the workingmen, organized or unorganized.—A. I think at present they distrust it.

Q. Then your judgment would lead this commission to report in favor of remedial legislation coming as close to compulsory arbitration for a full settlement as might be found possible?—A. I should think you could go as far as I have mentioned—compel the two sides to make an agreement and leave the actual enforcement until later.

Q. What do you think of the provision of the Ohio law that a joint application to the State board may contain a stipulation that the decision of the board shall be binding upon the parties to the extent stipulated and that the decision may to that extent be enforced as a rule of court in the court of common pleas in each county?—A. Well, it is still possible that one side may refuse to make any stipulation, may refuse to come in. I should say that that Ohio law is good as far as it goes. That is an excellent feature and should be added to this, I suppose. But my idea is that in addition to that there could be some provision by which not merely the party that prolongs the controversy should be punished if he did not offer arbitration, but the other party if he did not accept arbitration could also be punished, then leaving the enforcement to a series of stipulations between the parties.

Q. Do you believe it would be a favorable condition to always have a stipulation in all these acts of the legislatures that both parties, when they come to disagreements of that kind and notice comes to the State and local boards, shall remain in status quo—the men remain at work?—A. Yes, and then possibly both sides appoint representatives, or have some provisions to appoint them, and they should be brought together under such circumstances and make some agreement, and then add this feature of stipulations as to what they would abide by, if necessary. I believe with that step in advance it would soon come to be so apparent, and the majority of the court decisions so just, and their time being limited to 1 year, that it would not be very long before the public would perceive and the unions themselves would perceive that they could accept the further addition of compulsory enforcement.

Q. There is, as you are aware, quite a strong feeling in this country against the court in the matter of injunctions. Would not these mutual stipulations for trade agreements of unions with employers practically do away with a great many of these injunctions offensive to the public and employees?—A. Yes. They occur only in cases of dispute. The injunction does have that disadvantage, that it does not give a hearing, while arbitration gives a hearing. If the courts that issue injunctions would at the same time constitute themselves into a tribunal for hearing, they might reach the matter there directly without legislation. I do not know but they have a right to do that.

Q. (By Mr. CLARKE.) You do not mean to say there is no hearing in the case of the injunction? You refer merely to temporary injunction?—A. Temporary injunction.

Q. (By Mr. A. L. HARRIS.) When the public is called upon to protect life and property, has it not a perfect right to compel some kind of an adjustment of the trouble?—A. And then enforce it?

Q. Enforce it: yes.—A. There is one thing about the enforcement of an order that I am unable to get around yet. If the decision is against the unions, it means a compelling of personal service, which is contrary to our ordinary view of labor contract. A labor contract is a contract which is not enforceable against a laborer, as a rule; and if you compel a laborer to keep at work, he brings the objection that it is returning to a species of compulsory labor, and I have not thought out yet just how much weight that ought to have. My idea is, though, if we could see the thing at work we would see that that objection was visionary; that it would not be such an injustice; but we have not seen it at work yet, and we do not know but we ought to get the situation especially so we can see it at work, for the public usually judges by results, rather than by reasoning. I would say, as a general principle, that the public has a right to enforce that and has a right to take away a man's liberty, if necessary for peace and welfare, but it must do it cautiously, because it can not create an uprising or create disaffection which would overturn the laws as a whole.

Q. (By Mr. PHILLIPS.) Would it be a great injustice to the employer of labor to compel him to pay an advance, for instance, when his profit would not justify it?—A. Yes, if the court should be so ill informed as to render an unjust decision; then, of course, it would be a hardship to enforce it. The whole thing turns on having an honest and well-informed decision. The decision ought never to be made by a court, a judge, if possible to avoid it—that is, the decision ought to be made by the interested parties. It ought to be a conference, a compulsory conference of the two sides, and they ought to make the decision. The judge's busi-

ness is simply to preside and bring them together on points of difference and see if he can not overcome the narrow and unessential differences, and he ought to bring them down to the point where they agree on something.

Q. What would you think of a law compelling the laborers, before they went on a strike, to arbitrate or apply for it, or vice versa, in a lockout; on the other hand, that such a thing should not occur until they had practically arbitrated it themselves?—A. Yes.

Q. Compelling an arbitration among themselves before that could occur?—A. And then I would go a step further. Besides that, say, if the laborers were going to strike they must propose arbitration, and furthermore the employers must accept arbitration, and the two sides must be brought together.

Q. And the same in the case of the lockout?—A. And the same in the case of the lockout—that is, the side that takes the initiative, starts the wheel in motion, and then the other side must respond and the two be brought together under the supervision of the State.

Q. (By Mr. A. L. HARRIS.) In your opinion would a compulsory arbitration law be conducive to trade arbitration?—A. I think so. My idea is—and I am rather worried about it that it has not worked out so well in New Zealand in that way. I expected in New Zealand there would be more disputes settled outside of court than in the court. I do not know why it has not occurred; I thought it would. My idea was that, knowing they must come to a decision through public authority, they would much prefer to come to it, as many are doing now, through their own conferences.

Q. (By Mr. CLARKE.) Probably that very fact, that cases are being carried to the courts, shows that the parties in New Zealand are satisfied with that way of adjustment.—A. Perhaps that is so. Of course the judge who decides in New Zealand is an appointee of the Crown. He is not subject to politics. He is appointed by the governor-general, who is an appointee of the Crown, and he is as near independent as any official can be found in any place; that is, he is as near independent of local politics as any official can be found in any place. We have nothing like it in this country. That is where the colonial possessions of England have an advantage above party politics, and consequently they seem to have some advantage in the matter of judges.

Q. We have a near approach to it where the judges are appointed by the governor of a State, or the President of the United States, with the advice or consent of the Senate—appointed for life, or during good behavior.—A. The trouble about that is this: The trade unions distrust judges who are appointed, and the employers distrust judges who are elected, and the situation is insolvable under our institutions; but in New Zealand the judge is neither elected nor appointed; that is, he is not appointed by a man who is elected. With us he is appointed by a man who is elected. That is the difference. I think there can hardly be any doubt that our courts have been appointed with reference to their views on constitutional questions; whether on other questions or not, I do not think it can be shown. But Massachusetts, by the way, is the only State which appoints judges. All the rest of them elect.

(Testimony closed.)

WASHINGTON, D. C., November 13, 1900.

TESTIMONY OF HON. LYCURGUS P. McCORMACK,

Labor Commissioner of the State of Indiana.

The commission met at 10.55 a. m., Vice-Chairman Phillips presiding. At that time Hon. L. P. McCormack, of Indianapolis, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) Please state your name, residence, and official position.—A. Lycurgus P. McCormack, Indianapolis, Ind.; labor commissioner for the State of Indiana, representing the labor interests.

Q. What has been your experience in the ranks of labor?—A. I am a printer by trade; worked at the trade for pretty near 40 years at different times, almost continuously for 35.

Q. Have you been a member of the local or national unions in that time?—A. Yes; for 34 years.

Q. Are you now still connected with the printing body?—A. Yes; I am still a member of Indianapolis Typographical Union, No. 1, and also a member of the International Typographical Union.

Mr. FARQUHAR. If you have any paper to read, the commission would be pleased to hear it now.

The WITNESS (reading): "Arbitration, as a means of adjustment of differences between capital and labor, is rapidly gaining popularity in Indiana. In some trades it has almost taken the place of the strike. Approval of this instrumentality finds strong expression in the ranks of labor and is more constantly championed among the practical workers and thinkers on economic subjects in labor organizations. In some trades so popular has this method become that in annual contracts in which wages and working conditions are agreed upon for the ensuing season provision is made that all controversies which may arise shall be settled by arbitration without cessation of work. Not only is it true that arbitration is prescribed, but the observance of the agreement is made mandatory.

"The trades which hedge themselves about with such precautionary legislation are not few, but many. Equally gratifying is the fact that the trades most friendly to arbitration in Indiana are those represented by the older and stronger organizations. In many of these organized industries of Indiana, wages, hours of labor, working conditions, and other controversial matters are taken up by delegated representatives of employers and workmen in annual convention, and after a series of negotiations, sometimes extending through weeks, differences are adjusted and agreements perfected which enable the contracting parties to continue in harmonious relationship during the life of the agreement. Thus the industrial situation, in so far as strikes are concerned, is very greatly simplified. With these settlements occurring annually and being observed in a spirit of sincerity, there is growing up a better feeling through a fuller confidence and a stronger sentiment of reciprocal dependence and trustfulness. Moreover, there can be no doubt that in many instances better results have been secured by arbitration than if strikes had been employed as a means of settlement. Brute force, as typified by the average strike, involves so many of the elements of repugnance and naturally arouses such a degree of combativeness that even where settlements are made by means of them the conditions are, in many if not most instances, less advantageous than if a more peaceful and rational method of conciliation or arbitration had been employed. By no means the least harmful evil growing out of strikes is the continued effect of the resultant estrangement. This estrangement not infrequently lingers long with employers after the unfortunate events which produced it have grown dim with age in the mind of the public and possibly of the workmen as well. It retards future negotiations, chills whatever friendly feeling or sympathy may have existed for the striking workmen, creates a lack of confidence, and lessens the prospects for the establishment of those more friendly relations between employer and employee the existence of which is so essential to congenial cooperation and mutual prosperity.

"The interest which the public has in the peaceable settlement of industrial disputes strongly emphasizes the importance of arbitration. Commercial and industrial interests are becoming more closely interwoven and their interdependence more firmly established day by day. There is no such thing as independence either in industrial or commercial life. Dependence is mutual. When, therefore, this mutual relationship is strained by the unusual conditions which a strike begets, the evils are felt through the entire correlated interests. Thus upon innocent persons are entailed pecuniary losses. This fact forces us to confront the proposition, Is it not the duty of the State, and under some circumstances the General Government, to reduce these recurring disturbances to a minimum by proper legislation? Indiana has done much in this matter. The legislature of 1897 established a labor commission. The law requires that the commissioners shall be appointed by the governor and shall hold office for 4 years. It further requires that one of the commissioners shall have been for not less than 10 years an employee in some department of industry in which it is usual to employ a number of persons under single direction and control, and shall be at the time of his appointment affiliated with the labor interest as distinguished from the capitalist interest or employing interest. The other commissioner shall have been for not less than 10 years an employer of labor in some department of industry in which it is usual to employ a number of persons under single direction and control, and shall be at the time of his appointment affiliated with the employing interest as distinguished from the labor interest. Neither of such commissioners shall be less than 40 years of age, and they shall not be members of the same political party, and neither of them shall hold any other office during the time for which he shall be appointed.

"The commission has a dual character; it is both a board of conciliation and a board of arbitration. The law declares it to be the duty of the commission, upon receiving information in any manner of the existence of a strike, lockout,

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boycott, or other labor trouble within the State, to go to the place where such trouble exists and offer mediation. If this is refused or fails, then it becomes the duty to offer arbitration by the State board of arbitration or by any other method that may be agreed upon. For the purpose of arbitration the labor commission and the judge of the circuit court of the county in which the trouble exists shall constitute the State board of arbitration, as distinguished from the labor commission, to which may be added, if so desired, two other members, one to be named by the employer and the other to be named by the employees.

"The agreement to enter into arbitration shall be in writing and shall state the issue to be decided, and shall have the effect of an agreement by the parties to abide by and perform the conditions of the award. Such agreement to arbitrate may be signed by the employer as an individual, or by a firm or a corporation, as the case may be.

"On the part of the employees concerned in the controversy, if any of them shall be members of any labor union or workmen's society, they may be represented in the execution of such arbitration agreement by officers or committeemen of the union or society, designated by it in any manner conformable to its usual methods of transacting such business.

"The sittings of the arbitrators shall be in the court room of the circuit court or such other place as shall be provided by the county commissioners. The circuit judge shall be the presiding member of the board. He shall have power to administer oaths, to enforce order, and direct and control examinations. The proceedings shall be informal in character, but in general accordance with the practice governing the circuit court in the trial of civil cases. The arbitrators shall make their award in writing and deliver the same to the clerk of the circuit court. The clerk of the court shall record the papers delivered to him in the order book of the circuit court. Any party to the arbitration may present to the circuit court a verified petition showing that the award has not been complied with and stating by who and in what respect it has been disobeyed. Thereupon the court shall grant a rule against the party so charged to show cause within 5 days why the award has not been obeyed, which shall be served by the sheriff as other process is. The judge shall hear and determine the questions presented and make such order as shall give just effect to the award. Disobedience of any award so made shall be deemed a contempt of court and may be punished accordingly. The award shall be regarded as binding upon the employer and the employees who are parties to the controversy.

"In addition to the foregoing, the law provides that any employer and his employees between whom differences exist which have not resulted in a strike may apply to the labor commission as such for arbitration; and the board of arbitration shall be organized and award rendered and enforced in the same manner as under the provisions just stated.

"In all cases requiring the attendance of the judge such duty shall have precedence over any other business pending in his court. In case the judge of a circuit court is engaged in a trial which can not be interrupted under the law, or is disabled from acting from sickness or other cause, it shall be the duty of the judge to appoint some other judge, and such appointed judge shall have the same power and perform the same duties as are vested in the circuit-court judge.

"It will be noticed that the foregoing law does not provide for enforced arbitration. It seems reasonable to conclude, however, that the time is rapidly approaching, if, indeed, it is not already here, when this further step must be taken under some circumstances to complete the essential processes for settling differences between capital and labor. The evil effect of strikes is not confined to employers and employees. Its influence is largely measured by the extent and character of the industry involved. A strike in a single factory will not jeopardize the public welfare to the same extent that one would on a street-car line in a populous city or on an extended railroad system, and therefore an enforced arbitration would not be as essential for the conservation of the public weal in an ordinary factory as in an extended carrying system. Strikes and lockouts involving or largely affecting urban or interurban passenger traffic cause inconveniences and losses that frequently culminate in necessity for repression by force. The instrumentality usually employed has been the constabulary or militia. The establishment by the State of a board of arbitration, which must be appealed to when the public weal is the paramount issue and in cases where there is a failure of settlement or a refusal to attempt it, is a crying need of the times, in my opinion. When we consider the large interests involved in the industries connected with interstate commerce and the disastrous consequences which follow interruption in business caused by labor disturbances, the urgency for a court of arbitration—a national court of arbitration—becomes more appar-

ent. Of course, such a board, having authority affecting interstate commerce, would derive all its powers from and exercise them in obedience to the authority of the Federal Government. The mere establishment of such a tribunal, with power to act when so petitioned, would not fully meet the necessities which sometimes arise in such controversies. It frequently occurs in these disturbances that the injuries sustained by the public are greatly more grievous than those of either contestant, or both contestants, for that matter. This situation has several times occurred in railroad strikes, and the consequences are only measured by the extent, duration, and intensity of the contest. Those with experience or reliable observation know the rule is that as they progress it is with an ever-increasing intensity; both sides become deaf to reason and refuse to yield, compromise, or arbitrate. Meantime the helpless public must drift defenselessly along, suffer from evil for which it is in no way responsible and from which there is no relief until the combatants are either coerced by force or have spent their ill-directed strength and by sheer exhaustion are forced to quit the fight.

"In conclusion, the following provisions, taken from a bill which will probably be submitted at the next session of the Ohio legislature, meet all the essential requisites of a law providing for enforced arbitration. It ought to be a national law:

"Whenever, in the unanimous judgment of the State board, a strike or lockout is not within reach of present adjustment and seriously menaces the public peace or endangers life or property, or if the situation caused by such strike or lockout be such, in the opinion of the governor, as to justify the calling out of the militia or a part thereof, or if the same has been called out because of such strike or lockout, the board shall cause the facts to be entered upon its minutes, and thereupon, on notice and hearing, make and enter therein such recommendation to the parties to such strike or lockout looking to the suspension thereof for a period not exceeding a certain number of days pending the adjustment or arbitration and the better assurance of the public tranquillity and the protection of life and property as it may deem practicable and wise. A copy of such minutes embodying such recommendations, which shall be subject to modification or renewal, shall thereupon without delay be served upon each party personally or through his agent or attorney, and it shall be the duty of said parties to comply with the same. On failure of compliance, the board shall communicate the fact to the prosecuting attorney of the county where such strike or lockout exists, or to the attorney-general, who shall forthwith make application to the court of common pleas of such county if in session, or a judge thereof if not in session, for an order to enforce such recommendation; shall cause summary notice to be served as aforesaid upon each party to appear forthwith before such court or judge and show cause why such order should not be made. Said court or judge shall immediately hear such application and make an order for the carrying out of such recommendations, with such modification thereof, if any, as may appear to be just and proper and promotive of public peace and safety. Such order shall be subject to modification on notice as aforesaid to the parties, and any disobedience thereof or interference with its execution shall be summarily dealt with and punished as for contempt: *Provided*, Said board, through any of its members, may make or join in such application. All costs incurred in the hearing of such application shall be paid by the county or counties aforesaid, as the court may direct."

Q. (By Mr. FARQUHAR.) Is the section you have just read from the proposed Ohio law?—A. Yes. I understood from Mr. Bishop, the secretary of the board, that it would be introduced at the next session.

Q. In calling the attention of the commission to this section of that proposed law, do you indorse its provisions?—A. Substantially, I do; yes.

Q. What are your practical reasons for seeking to put a law on the statute books of Indiana that comes very near the line of enforced arbitration?—A. Safety of property and of life and the preservation of peace. We have lost a good deal of property in Indiana by strikes and lost some lives, and have had the peace of the State very greatly disturbed by them when enforced arbitration could have prevented it.

Q. Is it your experience, as well as the teaching of that experience, that your laws are to-day a dead letter, keeping either the employers or the employees in a state of public turmoil?—A. Yes.

Q. Do you know of any State law that can repress two combatants if they are determined to carry out their purposes?—A. Not anything except the use of force as indicated in my paper—the feature of the militia—and that is not only more expensive but more harmful than enforced arbitration would be under certain circumstances.

Q. Have you had any occasion of late years to call out the militia in Indiana?—A. Not since the Indiana labor commission has been established, but frequently, antedating that, we had.

Q. In what class of labor did these troubles occur?—A. Among the railroad men and miners chiefly.

Q. Do both those classes, the miners and the railroad men, now provide in other ways for the settlement of their disputes?—A. By arbitration through their organizations largely. But within recent time we have had trouble even with the miners, where the employers have refused absolutely to arbitrate or negotiate with them. At Evansville 8 men were shot in one instance by somebody—it was not proven by whom—in a labor trouble where arbitration was offered in every form by the workmen and was refused by the employers. They refused even to entertain the proposition. We went down there four different times and carried a proposition to the employers asking them to submit their case to arbitration. They would not do that, nor would they submit to conciliation nor even meet the committees. As a result, one night there were 8 persons shot, some of them very painfully.

Q. (By Mr. PHILLIPS.) Were they men who were imported there?—A. They were men who were brought in from Kentucky.

Q. (By Mr. C. J. HARRIS.) Who shot them?—A. It was never proven. It was alleged that the miners did, but the miners protested that they did not, and had issued instructions, I understand—I know, in fact—not to engage in violence. One or two of the miners were arrested, but they were not proven guilty. It was a gross infraction of the law, and life and property were jeopardized; and if we had had a law that would enforce arbitration, to be used only in exceptional cases, that would have been obviated.

Q. (By Mr. FARQUHAR.) How does that section of that law operate which says that the parties to the strike shall remain at work while the arbitration is being carried on?—A. That is not a provision under our law, but an agreement between the employers' and employees' organizations.

Q. Through the national agreement?—A. Yes; or State agreement. For instance, our miners have an agreement—and some other employments as well—that where a difference arises the matter shall be arbitrated, but the men shall not quit work. Then representatives from the miners and representatives from the employers meet and settle their difficulties by arbitration. Perhaps it might be more strictly called in that case conciliation; but the agreement is made and recorded by the secretary of both parties represented, and the men continue at work and obey the findings of the board of arbitration. It is so among the steel workers in Indiana; it is so among the glass workers. We have a great many industries now that are thoroughly organized, with large, strong organizations, that adopt that method. And I may say here that most of the trouble we have in the State of Indiana is either with unorganized labor or newly organized labor. Our older and stronger organizations are more conservative, and settle their matters by arbitration or conciliation generally. Most of the labor troubles we have in Indiana are with unorganized workmen, or men newly organized, not disciplined nor educated along the line of organization. I think I could say that it is 80 per cent; I think my records will show that.

Q. Have you any record of the strikes in the State and their settlement?—A. Yes.

Q. Are more strikes settled by trade arbitration, without calling in your board, than by your board independent of the trade arbitration? I desire to get at an answer as to the utility of your State board.—A. In some industries we are never called in. The law requires us to go there and investigate and offer our assistance; but among the glass workers, while we have always been received kindly, we have never found it necessary, except in one or two instances, to interfere. We have made two settlements, I think, among the organized glass blowers. Perhaps in the past 8 years we have made a dozen among the miners. We are frequently called among the miners, notwithstanding that they have both a State and national method of settling their differences. The iron and steel workers perhaps twice.

Q. The molders and machinists?—A. Never the machinists; the molders once or twice. In all other instances they have settled their own differences, and they report the facts to us, and we report them to the governor. Our largest efficiency—if you will allow the use of the word efficiency—is among the newly organized and the unorganized workmen.

Q. Then you see a positive necessity for the State of Indiana to maintain a State board?—A. I do; yes.

Q. More in the line of mediation than immediate arbitration?—A. Mediation largely, with rarely arbitration.

Q. You say the older organizations of the workmen, the trades unions of that State, have their own trade agreements and their own arbitration?—A. Yes.

Q. What is your opinion of that class of arbitration as distinguished from State arbitration?—A. I think it is the best method for settling difficulties between employer and employees. I think it is the most satisfactory.

Q. Have the trades or the organized bodies of Indiana much faith in your State board?—A. I have never heard any opposition to it.

Q. Have you been subject to any criticism at all about its efficiency and its means of settlement?—A. None that I know of. It was created at the request of organized labor in Indiana.

Q. Do you have any means to compel, in case one party to the arbitration proceeding does not carry out the stipulations of the agreement?—A. Yes. I was going to state that the decision of the arbitration board is made a matter of court record on the order book of the county where the arbitration takes place; and in the event of the violation of it by either side the judge of the court, who is the third member of that board of arbitration, deals with it as he would with any other case of contempt of court.

Q. (By Mr. LITCHMAN.) In that case it becomes compulsory arbitration?—A. Not compulsory arbitration, but compulsory obedience to the decision of the board of arbitration.

Q. I want you to make that point a little clearer, if you will.—A. I will explain. For instance, parties can enter voluntarily into the arbitration under the arbitration board of Indiana, which consists, as the paper said, of a judge of the circuit court and the labor commission. Then, when the finding is made and made a matter of court record, obedience to the provisions of the findings of that board is mandatory.

Q. Having applied to your board to act as a board of arbitration they are bound under penalty of contempt of court to abide by the decision of the arbitrator?—A. Yes; that is the law.

Q. (By Mr. C. J. HARRIS.) Have you any instance in your mind of such an arbitration where you were able to compel men to work if they did not choose to?—A. We have never had a case of that kind in Indiana.

Q. Has the court ever imprisoned men for contempt of court or anything in that line?—A. There has never been a violation in a case of that kind. I would have known of it if there had been. There has never been a violation of the finding of the State board.

Q. On the part of employers or employees?—A. On either side—no violation.

Q. (By Mr. FARQUHAR.) In the stipulations of this agreement, suppose it is in the matter of hours of labor, and the decree of the court is that the hours shall be shortened half an hour in the day or an hour in the day, what is the usual length of time which that stipulation covers?—A. Usually for 1 year. The findings are usually for 1 year. The statutes of Indiana make the 8-hour workday the legal workday for all kinds of labor except domestic and farm labor.

Q. Has that law ever been tested in the courts?—A. No; it has never been tested. I do not say it is universally observed.

Q. Do you regard it as class legislation?—A. I am afraid I would have to put that interpretation on it.

Q. Would it not stand on all fours with the Nebraska decision—the exception of domestic and agricultural labor?—A. I do not think it would, under our constitution. I am sorry. I would like to have it made universal, frankly.

Q. Then you have a particular law in Indiana making 8 hours a working day?—A. Yes; I made a settlement on that basis day before yesterday.

Q. In the case of wages, suppose that they should enter into a stipulation which is included in the decree, and you found a competitive district south or west or east or north of you which made the decree unjust toward the employer in the general competitive market having the same class of goods, would that be an annual agreement, too?—A. We have never had a case of that kind. But the question of the competitive feature ought to be taken into consideration at the time. Up to this time we have never made, and I do not think would make, an agreement or a finding for more than a year. I do not think it would be wise to do it. All that we ever have made have run for a year. Most of our settlements are along the line of conciliation and not by arbitration.

Q. Why is it that you desire a law for the State of Indiana built something on the plan of the proposed Ohio law, when you have now a law which gives you almost enforced arbitration without friction?—A. Our law does not give us enforced arbitration; our law only gives the power to enforce the decision of the court after it has been made. But there are cases, or have been cases in Indiana, where the military had to be used where enforced arbitration would have accom-

plished the same object with less friction, less expense, and with more satisfaction to both parties, in my judgment. I could cite instances where I am satisfied that enforced arbitration would have been a better method of settlement. The use of brute force is objectionable. That is the thing I want to obviate.

Q. Can you bring both parties before your board when one party will not agree to come before you?—A. No; purely voluntary.

Q. You must have an agreement with both parties before it can come before the court?—A. Yes; it has to be purely voluntary.

Q. Have you any machinery at all to bring a party before the court in case of a strike, infraction of the public peace, or destruction of property?—A. We have not under the law governing the labor commission; we have no authority of that kind.

Q. Do you think the proposed amendment to the Ohio law would give you that?—A. It looks that way to me.

Q. Do you think that enforced arbitration of that character is as good for both parties and for the State as the adoption generally, if it can be, of trade arbitration and mediation by the trade?—A. I would rather have trade mediation, but there are cases where such a method as that is not enforceable, because the men are not organized and have no method or machinery to carry it out.

Q. (By Mr. LITCHMAN.) Even with the strong labor organizations, if the employer refused your mediation and conciliation, you would still be short of the arbitration of differences?—A. As the matter now stands we would.

Q. Under your plan, application having been made to your board jointly, as I take it, by the employer and employees, to submit the difficulty for arbitration, by that application they thereby virtually bind themselves to abide by the decision?—A. Yes; that is the law.

Q. And then, having voluntarily entered upon the arbitration, it becomes compulsory to the extent of their being bound by the decision made by your board?—A. Perhaps I ought to correct that impression. Parties can make application to arbitrate under the Indiana labor commission and then withdraw that application.

They have that power.

Q. At what point?—A. Before the decision is rendered. When a decision is rendered and made a matter of court record, it then has a binding force, but not before that.

Q. As a matter of fact, have you had cases where the decision by your board has been made a matter of court record?—A. Yes.

Q. In all cases it has been obeyed cheerfully on both sides?—A. In all cases it has been obeyed strictly and fairly.

Q. And has it seemed to meet the wishes of both sides, so far as you are able to judge?—A. So far as my observation extends, it has. We are sent for every year in one or two factories to settle their troubles and make their contract for the ensuing year. There is one factory in particular that has sent for us for three consecutive years to assist in adjusting their wage matters and entering into a contract for a year, and the decision is placed on the court record and they obey it.

Q. And your experience has been then that arbitration is growing more popular both with the employer and employee?—A. And the employee, yes. The fact that a great many of the stronger and older trades use the method of arbitration in settlement of difficulty, rather than resort to strikes, proves that incontestably.

Q. It is an educational process by reason of their example?—A. Yes; and it is advocated by many leading workmen in Indiana. I know that a year ago I was addressing an assembly of workmen, and I was making the point that we ought to have more general arbitration, etc., and I went on discussing the matter in a particular feature of my address for about 15 minutes, and they applauded almost every sentence, and they were representative workmen and women of the State—showing to me conclusively that the sentiment is growing stronger. This was at the session of the State federation at Elwood.

Q. (By Mr. FARQUHAR.) Do the employers accept arbitration as readily as the employees?—A. I think not. I think the employers prefer conciliation as a general thing.

Q. Have you any trouble on the part of employers there not recognizing organized labor, or the so-called unions?—A. Very little. We did have, at the early stages of the organization of the miners, considerable trouble, a great many strikes and infractions of the law, but now that entire industry in Indiana is organized. We have once in a while objection offered to the recognition of organized labor, but it is growing more general as the organizations grow strong and more conservative. The element of conservatism gives it a stronger standing.

Q. (By Mr. A. L. HARRIS.) What effect, if any, in bringing about voluntary arbitration, would such an amendment or law as you propose have?—A. The law

ought to be so qualified as to make its application useful only in extreme cases. I do not think it would have any effect on ordinary arbitration or conciliation.

Q. What I desired to bring out was your opinion as to whether or not it would not be conducive to voluntary arbitration in cases where both sides now stand out refusing to accept the help of your board?—A. Yes; where the alternative would be compulsory arbitration or willingness to voluntarily accept some other means of arbitration, I think it would be conducive to good results.

Q. You think the more drastic the law the more helpful it would be toward voluntary arbitration?—A. I am not positive. It ought not to be too drastic, but I think it ought to be drastic enough to meet all the extreme emergencies that would come up.

Q. Have you experienced this trouble in any case where you have gone voluntarily on the ground; where both parties stand out on a pride of position, and both sides really are anxious that some terms of settlement be agreed upon, and each is too proud to commence it?—A. A number of instances of that kind, where they have expressed the feeling after the matter had been settled—at the time they thanked us for coming in—but they did not feel as though they wanted to take the matter up themselves; they thanked us as representatives of the State for coming in and taking the matter up and settling it.

Q. (By Mr. FARQUHAR.) You gave them an opportunity for swallowing their pride?—A. Yes; gave them an opportunity for swallowing their pride. That has occurred frequently. I know of instances where they have stood apart for a week or 2 weeks and perhaps longer, and when the labor commission would go there and meet them and tell them what the commission was they would accept it, and they would get together and fix up their troubles, and both sides would thank us for it and say that they believed we had been helpful in reconciling their differences where they might otherwise have remained out longer.

Q. (By Mr. KENNEDY.) You would not expect such a State law as this to work as to any cases of trouble on interstate railroads in Indiana?—A. No; I believe the National Government ought to have a national board of arbitration and settle all such matters.

Q. Do you meet labor commissioners of other States in conventions?—A. Our commission has met the labor commission of Ohio and the labor commission of Illinois.

Q. Has any movement been started by them looking toward the formation of a national board of arbitration for this purpose?—A. None that I know of.

Q. Is there a demand on the part of organized labor for such a board?—A. No; none that I know of.

Q. You think a movement of some sort must be started, to get a national law of that kind?—A. A commission on interstate commerce ought to be established by the United States Government.

Q. (By Mr. PHILLIPS.) Interstate commerce can not reach the general industries, can it?—A. I should think not.

Q. You think it would not be constitutional to enact a general law applicable to the manufacturing establishments of the United States?—A. No; I should think not. I should think that the only competent law would be one affecting interstate commerce. Strikes on railroads are perhaps more disastrous to commerce generally and the people than any other strikes. I take the position that under certain circumstances arbitration ought to be mandatory. I think the interests of the people at large are greater than the interests of the people involved in the strikes under a great many circumstances.

Q. (By Mr. FARQUHAR.) Would that be called an advanced opinion in trade unionism?—A. I do not think it would be indorsed by trade-union men generally. It is not a new one, and I am not advancing it for the purpose of trying to gain popularity. It is conviction on my part.

Q. (By Mr. LITCHMAN.) Your idea is that there are disputes between employers and employees in which the interests of the public at large are so great that the power of the State ought to step in and compel a settlement?—A. That condition has arisen in Indiana on several occasions. When it becomes a question of the destruction of property and the destruction of life, etc., I believe then that the interests of the public at large should take precedence over the interests of the parties engaged in the contest.

Q. A difficulty that approached the proportions where the militia of the State would be called in, would be one where some sort of arbitration should be enforced between the employer and employees?—A. Yes.

Q. That would be considered, in your judgment, a grave situation?—A. A grave situation. I am aware of the fact that compulsory arbitration is not a popular idea, but then I believe in it. My observation and experience alike, running over a good many years, have convinced me that some such law as that ought to exist.

Q. Have you given thought enough to that branch of the subject to have an opinion as to whether, under circumstances like that, the refusal to arbitrate applies more to one side of the controversy than to the other?—A. My experience would not enable me to give you an intelligent idea in regard to that matter except in one instance, and there might be instances just the reverse, you know. In the one instance I refer to, where 8 men were shot down at Evansville, the employers refused to accept any kind of arbitration. The city council made a request of them and the Board of Trade of Evansville did the same thing, but they refused to accept any proposition whatever, and of course that led to a whole lot of serious trouble. In a case like that I think they ought to be required to take some step that would put a stop to it.

Q. Is that a case where the governor refused to call out the militia?—A. Yes.

Q. On that ground, was it not?—A. Yes.

Q. That they had refused to submit to arbitration and that the power of the State should not be called in?—A. Yes; that is so. Five different methods of arbitration were submitted to them, by representative business men, too, but they refused to accept any of them. The thing that was asked of them was simply to establish the same condition in their mines as was existing in other mines throughout the competitive district, and they refused to do it. Then we had a case a few weeks ago where an attempt was made to mob the superintendent of a quarry because he brought in a lot of Italians. That was in violation of the law. Our law prohibits the importation of foreigners. I could mention other instances, and I could mention instances also where the working people were engaged—

Q. (By Mr. PHILLIPS, interrupting.) You mean importation from other States or from abroad?—A. Importation of men who are not American citizens; it does not make any difference where they are from. These were foreigners, not naturalized.

Q. Your law prohibits that?—A. Yes, it prohibits that; but a man can bring labor from another State if he wants to, if they are not foreigners—if they are American citizens.

Q. (By Mr. FARQUHAR.) Have you a good deal of alien labor in Indiana?—A. A good deal of foreign but not alien labor. We have a good many foreigners. In the steel industry, the glass industry, and those industries there are a great many of foreign birth, but they are American citizens.

Q. Are there many in the skilled branches of those trades?—A. Yes; a great many tin workers and iron and steel workers are Irish and Welsh. They are skilled workers.

Q. As a trade unionist and a workingman yourself, what is your own opinion of the present restrictions of immigration? Are they severe enough and are they ample to protect the American workingman?—A. My opinion is that they are ample if they are enforced.

Q. Do you think there is a lack of enforcement?—A. I have seen cases of that.

Q. Do you lay that to the inefficiency of the present servants of the people, or the lack of servants?—A. I think it is more lack of attention to business than anything else; it seems to me that way; not a disposition to ignore or violate the law, but a lack of attention.

Q. Have you known of any cases of contract labor coming in?—A. The information I get along that line I get more from labor papers than anywhere else.

Q. (By Mr. KENNEDY.) Have you any idea that the failure of the immigration laws is in any sense due to the corrupting influence of the steamship companies?—A. Oh, I think not. I do not think there is nearly as much corruption as we hear talked about. I do not go anything on that at all.

Q. (By Mr. C. J. HARRIS.) Has there been much negro labor imported into Indiana from the South?—A. Not an excessive amount. The labor that comes from the South comes voluntarily, except in an instance or two that I referred to where there was a strike and the employers brought them in.

Q. (By Mr. LITCHMAN.) You say that your information about the nonenforcement of the alien contract law has come to you from labor sources?—A. Through labor papers that I take.

Q. Criticisms of its nonenforcement?—A. Yes.

Q. Do you take that as an evidence of the desire, at least on the part of the publishers of the papers, to have the laws strictly enforced?—A. That would be my interpretation, that the laws are not enforced as strictly as they should be in regard to the importation of alien labor.

Q. Do they specify in any way?—A. I do not know as any specific instances have come under my notice recently. I take perhaps 25 labor papers, use them in my business, and once in a while I come across a case of that kind. Of course,

I have never paid any special attention to it or made it a matter of particular note.

Q. As to the impression made on your mind, they speak of the unfair competition that follows from the importation of the labor itself?—A. The unfair conditions brought about by the importation of labor.

Q. How far does that sentiment exist, so far as your observation goes, among the labor organizations, as interpreted by the papers?—A. I do not know that I could trace it to that origin at all, and I do not know that I have had a specific instance of that kind. I have just in a general way read in the newspapers occasionally complaints about the importation of foreign labor. To tell you the truth, I do not know an instance of it except the importation of those unnaturalized Italians from Chicago to Indiana.

Q. (By Mr. KENNEDY.) What is the sentiment among labor men in Indiana on the subject of the further restriction of immigration?—A. I have heard no expression. I have attended all their conventions, but I have heard no expressions. The matter was never brought up in any convention or State federation that I attended.

Q. (By Mr. CLARKE.) You have used the expressions, which are very common in these matters, "compulsory arbitration," "enforced arbitration," and "mandatory arbitration." Do you make a distinction between those terms, or regard them as practically synonymous?—A. I used them in a synonymous sense, but there ought to be a distinction. The decision of the commission ought to be mandatory, or the arbitration board ought to have the power given to them to stop strikes under certain circumstances through the process either of the board or of the courts, so as to protect the public.

Q. What would you say to a law that would put a penalty on anybody who should inaugurate a strike or lockout without first applying for arbitration?—A. I am emphatically in favor of it and shall recommend that to our next legislature. I have the paragraph already written. I think when a controversy arises, whether a matter of interstate commerce or between employer and employee in the ordinary industries of the country, there ought to be an attempt made to conciliate or arbitrate before the strike comes. The miners do that. The glass workers in Indiana do that. They strike sometimes, but they do it in violation of their agreements.

Q. (By Mr. PHILLIPS.) What penalty would you attach?—A. I might make it a misdemeanor under the statutes of Indiana. In all controversies there ought to be an attempt made to arbitrate or conciliate before a strike.

Q. (By Mr. FARQUHAR.) You would take away the power of the union to strike?—A. No; I would add to it the duty to try to conciliate before striking.

Q. But suppose they have tried all the usual remedies—gone to the employers and they won't agree to arbitrate or mediate, is not the only remedy of the union a strike?—A. Yes, after those efforts are made. The strike then comes as a logical consequence.

Q. (By Mr. CLARKE.) If such a law as that were enacted, a penalty would be imposed on the man who should refuse to accept the offer of arbitration, and maybe that would obviate a strike, or would it?—A. I would not say that it would. I would say that it would have this effect, that it might lead to a settlement without a strike. In many instances the men simply make a demand and the employers do not see fit to accede to that demand, and the men walk out. There is no attempt made to arbitrate or conciliate the matter at all. I think that is wrong. There is not an industry in which the public is not more or less interested. For instance, we had 600 men out at Evansville in a cotton factory. They struck the 1st of July, and there was no attempt made to arbitrate or conciliate the matter for 2 months. As a result, it has just ruined the business in that end of Evansville. One or two men have taken the bankrupt law. You can see its far-reaching effect. Now, if there had been an attempt to conciliate or arbitrate that trouble before the strike occurred, perhaps it could have been done.

Q. (By Mr. LITCHMAN.) Have you seen any tendency toward a public sentiment leading up to what we might call enforced arbitration?—A. I have heard frequent expressions. There is a growing tendency.

Q. There is a crystallization of sentiment in that direction?—A. That is my experience. I do not want to deprive a workingman of the right to strike under certain circumstances.

Q. (By Mr. FARQUHAR.) Is not the right to strike a divine right?—A. I am not ready to say it is a divine right, unless as self-defense is. I have struck, and there are lots of cases where men are compelled to strike; but I have always been opposed to a strike until all efforts at conciliation had failed. Now, if an employer

and his men come together and make an honest attempt, and if their differences are so great that they can not reconcile them, a different proposition comes in.

Q. (By Mr. A. L. HARRIS.) Do you look on the strike as an act of war?—A. I would so regard it in a small way.

Q. A breach of the peace against the dignity of the State?—A. I would consider it more as a practical proposition—a business proposition.

Q. I want to get at the foundation for making it a misdemeanor.—A. That is true. I catch your idea. All strikes practically lead along the line of a breach of the peace.

Q. (By Mr. PHILLIPS.) How about a lockout?—A. The same thing.

Q. (By Mr. CLARKE.) Do you not think a great public sentiment has already developed in favor of preventing such things, if possible, by means of peaceable and legal means?—A. Yes. There is in Indiana a very strong sentiment in favor of obviating the strike the best we can.

Q. (By Mr. C. J. HARRIS.) You can compel the employers through compulsory arbitration to do this, that, and the other thing; they are incorporated and they have property, but how are you going to compel the workmen to do anything?—A. Make their violation of it a misdemeanor. Our law does that.

Q. How if they choose to move away—if they are sick?—A. If they move away, they get out of the jurisdiction of the court then.

Q. Is not this compulsory arbitration a little one-sided, in other words?—A. No, I think not.

Q. Then what method have you for compelling the employees to carry out your decisions?—A. In Indiana it is a contempt of court—a refusal to do so.

Q. How punished?—A. By fine.

Q. But if you can not imprison them and they have not money to pay the fine?—A. We can imprison them in Indiana for contumacious contempt of court.

Q. I understood you to say they have not done that?—A. It has never been done—no occasion for it.

Q. (By Mr. KENNEDY.) Would not the success of compulsory arbitration in New Zealand be an answer to the question?—A. I think the conditions there are not the conditions in this country. Their method is very excellent, but would not apply in this country.

Q. (By Mr. C. J. HARRIS.) Suppose a man has a factory that he is running without any profit, as is very frequently the case, if you will look at the records. Suppose the employees demand 10 per cent more wages and your arbitration board gives them that 10 per cent more wages. Are you going to compel that factory to run and employ those men at 10 per cent advance? Will the courts compel him to run his factory and pay 10 per cent more wages?—A. If he enters into an agreement to abide by the decision of the board of arbitration, he is as much bound as if there had been a reduction of 10 per cent on the part of the workmen.

Q. On the other hand, if he refuses to arbitrate you get him for a misdemeanor in that way?—A. No.

Q. I understand that you favor a law that any man who refuses to arbitrate shall be subject to a fine and penalties?—A. No; I have not so stated it at all. My position is that there ought always to be an attempt at conciliation and arbitration. In every controversy there ought to be an attempt. If they disagree, they disagree; but the attempt ought to be made, because in many instances an agreement will be reached before a strike. I have known of a number of difficulties between employers and employees being settled in that way. Either one or the other said, "If I had understood it that way, there would have been no trouble." I had 8 instances in 1 month in which that expression was made: "If we had understood that, it would have been all right. Draw up your articles and we will agree to it. That is all right."

Q. (By Mr. PHILLIPS.) You said you had a paragraph written along that line, requiring arbitration before a strike or lockout was inaugurated. What is the provision of that law that you propose, if either party refuses?—A. I have suggested to the governor of Indiana that the legislature ought to pass a law (my reports are made to the governor and not to the legislature) requiring an attempt at conciliation or arbitration, under all circumstances and in every controversy, before a strike or lockout.

Q. Without any penalty?—A. I think there ought to be a penalty where they absolutely refuse to make an attempt to settle, for the protection of the public.

Q. (By Mr. CLARKE.) Do you not think a distinction fairly exists between an ordinary closing of business and a lockout? A man may close his business for personal reasons—because he has become too old, or because his business does not pay, or because he wishes to remove to another place; but a lockout occurs where

a controversy exists between a man and his help, and he closes down as a means of coercing the help.—A. There is that distinction.

Q. You would not put a penalty on a man for an ordinary closing down of business for personal and good reasons, but only when it is distinctly a lockout?—A. I should not think that a man should be fined for withdrawing from business, but I do think, as I said a while ago, that when these controversies come up the law ought to require them to try by some method to settle the difficulty before either one resorts to the drastic measure of the strike or lockout. I do not say that the law ought to require them to settle that difficulty, but simply to attempt to settle it; because my own experience leads me to know that in many instances strikes and lockouts would not occur if a fair and conservative effort was made to get together and discuss differences, or apparent differences, for many times they are merely apparent when you get down to them.

Q. (By Mr. C. J. HARRIS.) If you say they should be compelled to arbitrate under the penalty of the law, and then they should be compelled to carry out whatever that arbitration calls for under penalty of the law, you would put any man who was in any sort of business in a rather peculiar position.—A. I would not indorse that position. Let me give you an instance which this brings to mind: I know a place where a man employed 110 men; they went out on strike. He had issued an order in regard to, I think, 16 of his men—not discharging them, but requiring them to perform certain tasks before they should get their full pay. They were out 10 days. I went down there, and after 8 or 4 days I got the employer and a committee of the men together, and he made an explanation of why he issued that order. They said, "We did not understand that; we did not understand that was the proposition at all. We did not know that the relationship between you and these 16 men was such as it was. If that is the situation, we will declare this strike off." They declared it off; but in the meantime he had lost 3 very important contracts with patrons for furnishing coal just because a lot of men did not understand the purpose of an order that he had issued. Now, if we had had a law in Indiana compelling the men to send a committee and talk with the employer and have an explanation made, he would have been saved those contracts and they would have saved the 10 or 12 days' wages, and there would have been no disturbance at all. Lots of these instances occur through a misapprehension.

Q. (By Mr. CLARKE.) I have understood you to say that the public has a large interest in labor controversies, because the public is sometimes even more injured by them than the parties. That being the case, ought not the public to have some means of preventing these difficulties; and what better means can you think of than a law that shall require both parties to offer and accept an arbitration?—A. Well, that practically is my proposition. It leads to the same result.

Q. If they are merely required to make explanations to each other and be gentlemanly—while that might sometimes end the controversy, would that really apply a remedy in many cases?—A. In many cases it would not. In many cases I do not think the interests of the public are paramount to the interests of the people involved. But in cases of interstate commerce, and where violation of the law is likely to ensue and property likely to be sacrificed, then I think there ought to be a power vested somewhere higher than the combatants themselves, and I think that should be in the courts or the board of arbitration.

Q. Obviously an objection to a law of that kind will be based largely on the ground of private right—a man's right to run his business as he may please. Now, if the public has a paramount interest, it must put that into some form of law that will be compulsory.—A. That is my proposition.

Q. You see no other way, then, than to have the law provide a penalty for whoever shall inaugurate a strike or lockout without first offering or accepting an offer of arbitration?—A. Offering arbitration, or at least agreeing to attempt it.

Q. (By Mr. FARQUHAR.) You say most of your strikes come from the skilled-labor class?—A. Yes.

Q. Is the simple fact of organization an irritation to the employer, in the majority of instances?—A. No.

Q. Do you find a cooperation on the part of the employers and organized labor?—A. It is becoming stronger and stronger. I have had employers in the last few months say they would not use nonunion labor. They say they make their contracts annually at a given time with their men, and they have 804 days then to attend to business. They have settled the wage question and working conditions, and after that these controversies do not come up.

I have in mind a man that perhaps has more money invested in mining industries in Indiana than any 3 other men in the State. He used to work nonunion miners, and he told me in the State house, possibly 8 months ago, that he had tried

both. First, I will say, he had trouble with his men. They were unorganized. I went to him and asked if he would not arbitrate the differences. He said, no, he did not care to; he did not care to work union men. It drifted along, and finally he did come to an agreement partially through the assistance of the Indiana labor commission. I met him less than a year ago and he told me that as long as he stayed in business he proposed to work union miners, because at the last of April every year he met his men; that they have an association in Indiana, and they met every year and fixed up their wage scale and working conditions and discussed all these craft questions, and that ended it for the year. He said, "All the rest of the year I attend to business, to selling my product."

Q. (By Mr. PHILLIPS.) He knows on what terms to contract?—A. That is the idea, exactly. He knows on what terms to contract.

Q. (By Mr. A. L. HARRIS.) And he knows the other contractors are contracting under the same conditions?—A. That is true. It brings about uniformity of conditions.

Q. (By Mr. LITCHMAN. If there was legislation that gave to your board (applying to your own State) the right in case of a difficulty between employers and employed to summon before the board the representatives of the 2 parties to the controversy, thereby giving to you the opportunity to investigate as to the rights and the wrongs of the case, and then you publish an impartial decision as to your findings, would not that give either side that was decided to be in the right of the controversy the very powerful assistance of public sentiment to force a settlement of that difficulty?—A. I think it would in the main have that effect. Our law does not allow us and we never do publish the merits of these controversies. Under our law it is now referred to the governor and he, if he sees fit, gives the facts to the public. We never do.

Q. The point I wish to emphasize is that one of the great controlling influences in the settlement of all trade difficulties has been public sentiment.—A. It is possibly the most potential factor in the controversy.

Q. That has been exemplified in this case of the anthracite coal strike. The sentiment of the public was unanimously with the men in that difficulty. Now, my point is to reach a declaration of that sentiment at the earliest possible moment, and especially in difficulties where the public is so vitally interested as it was in the anthracite strike and the Chicago strike and in the building strike in Chicago.—A. I think it would have a helpful influence in repressing the difficulties that crop out, and it would have the effect of bringing together the employers and the workingmen and settling the matter for fear of having it published. I believe that.

Q. (By Mr. C. J. HARRIS.) Do you find that either the workingmen as a class or the employers as a class are in favor of compulsory arbitration?—A. No; I have not so found it. I believe really it would be unpopular with the majority.

Q. (By Mr. KENNEDY.) Are the workingmen of Indiana satisfied with the present method of employing the convict labor of the State?—A. The method now in vogue is satisfactory. The last legislature put it practically on the State-account system.

Q. The product then goes out on the market?—A. It does, but we have restricted the product. We have begun a system that will lead up to the State-account system.

Q. The State-use system, you mean?—A. Like New York. It does not go as far as New York does now, but the intention is that by this method we will accumulate \$25,000 a year for 5 years. That will be used then to buy the machinery that belongs now to contractors, and it will then be owned by the State. Besides that, we have restricted the number of men that any one contractor shall have to between 50 and 100—not to exceed 100 to any man. Then we have restricted the sort of industries that shall be represented in the penitentiary. That surplus labor—the labor that men usually do not want to contract for—we have provided to utilize by purchasing a piece of land outside of the prison. That is, put the trustees and the old lifers that you can depend on out in a garden patch, and they raise turnips and potatoes and everything else of that kind, and that goes to the prison, and the surplus can be sold in the market of Chicago, which is convenient, or be sent around to the other institutions of the State. I am referring now to the Northern Penitentiary at Michigan City. In that way we have very materially decreased the output from the contractors.

Q. You say your law looks to the elimination of the contractor?—A. Yes; within 5 years.

Q. And at the end of that time the product of the convict labor will be used only for State purposes?—A. And we propose to eliminate as much as possible the machinery used, and have the men do the work by hand. Then when a released

prisoner goes out to compete with the world he will have a skilled trade. It will make a better man of him.

Q. In 5 years you will have the new system?—A. If the legislature does not change the method we have adopted.

Q. When was the law passed?—A. Last legislature—2 years ago. That is all the result of organized labor, too.

Mr. PHILLIPS. Perhaps we have not covered everything, and if you have anything to volunteer we would be glad to hear you.

The WITNESS. I do not know that I have anything to suggest further than we have already discussed. I still maintain I am in favor of enforced arbitration under certain circumstances. It is unpopular, but I believe in it.

This commission is doing a glorious work. I was saying to some gentlemen in Indianapolis that the Industrial Commission was doing more for the working people generally and for the public at large than any commission which Congress has established for a long time.

(Testimony closed.)

WASHINGTON, D. C., November 14, 1900.

TESTIMONY OF HON. THOMAS P. RIXEY,

Commissioner of Labor Statistics and Inspection of Missouri.

The commission met at 10.50 a.m., Vice-Chairman Phillips presiding. At that time Hon. Thomas P. Rixey appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. LITCHMAN.) Kindly state your name, post-office address, and your official position.—A. My name is Thomas P. Rixey, Jefferson City, Mo.; commissioner of labor statistics and inspection of Missouri.

Q. What is your profession aside from your official position?—A. I was in the insurance business 12 years prior to the time I was appointed labor commissioner. My profession really until my health broke down was law.

Q. Will you kindly state the duties of the office?—A. The duties of my office are to give such information as I may think best for the interests of the people in regard to all mechanical, agricultural, mineral, educational, labor, and other interests of the State. They cover all the interests of the State. They are not confined, as in some cities, just to labor matters and labor conditions that affect labor only, but they cover all the material interests of the State. It is also my duty to inspect sweat shops, manufactories, and places which the law makes it necessary to be inspected.

Q. Do you have assistants; and if so, how many?—A. In connection with this office the last legislature passed a bill creating what are known as State free employment bureaus in cities of 100,000 inhabitants and over. That necessitated the opening of an office in St. Louis and Kansas City, they being at that time the only two cities in the State that were entitled to the benefits of this law. St. Joe, I believe, will come in under the last census. I opened two offices, one in St. Louis and one in Kansas City, with a superintendent and clerk in each. At Jefferson City, which is the headquarters of my department, I have a chief clerk and stenographer. I have had two special inspectors or men to gather statistics and such information as is necessary for me to embody in my annual report to the governor. They go to different parts of the State as special agents of the labor commission to gather such information as I could not otherwise obtain. I print in connection with my report what is called a surplus-production map, which shows the surplus production of our State—where that surplus production may be. I gather this information from reports from agents of railroads and from steamship lines in my State, and where I am unable to obtain that information in this way, as we have several counties in which there are no railroads or steamship lines, I send special agents there for the purpose of obtaining that information.

Q. I wanted to learn whether you have, the same as in other States, a corps of factory inspectors.—A. No. In 1892 the legislature of Missouri passed a bill making it the duty of the city authorities of all cities of 5,000 population and over to appoint a factory inspector and also provide for their compensation.

Q. What are the duties, briefly stated?—A. The duties of those factory inspectors are to inspect under the law all manufactories, sweat shops, and places where 5 or more people are engaged at work.

Q. As to sanitary conditions, etc.?—A. Yes; also as to conditions in regard to safety, and also as to separate toilet rooms where male and female employees work, and those conditions which are usually provided for under legislation.

Q. The duties of your office, then, give to you a general knowledge of industrial conditions in your State?—A. Yes; that is my duty. While we have no State factory inspectors, we have this provision that I may appoint—you might say they are not factory inspectors really, but deputy labor commissioners under me. There is no such office in Missouri as State factory inspector.

Q. Do the duties of your office include the knowledge of strikes and labor disturbances?—A. Yes; we have a law which I will read to you. It is a brief one and also a very poor one. It is so ineffective that in fact I did not invoke it in the case of the street-car strike in St. Louis because there is nothing compulsory or mandatory in it. Here is the law of the State of Missouri on the subject of strikes and arbitration:

(Reading.) "Section 8137. Dispute between employer and employee, etc. Upon information furnished by an employer of laborers, or by a committee of employees, or from any other reliable source that a dispute has arisen between employer and employees, which dispute may result in a strike or lockout, the commissioner of labor statistics and inspection shall at once visit the place of dispute and seek to mediate between the parties, if in his discretion it is necessary so to do. (R. S., 1889, sec. 6354.)

"Section 8138. Board of arbitration formed; when. If a mediation can not be effected, the commissioner may, at his discretion, direct the formation of a board of arbitration, to be composed of 2 employers and 2 employees engaged in a similar occupation to the one in which the dispute exists, but who are not parties to the dispute, and the commissioner of labor statistics and inspection, who shall be president of the board. (R. S., 1889, sec. 6355.)

"Section 8139. Power and duties of board. The board shall have power to summon and examine and hear the matter in dispute, and, within 3 days after the investigation, render a decision thereon, which shall be published, the copy of which shall be furnished each party in dispute, and shall be final, unless objections are made by either party within 5 days thereafter: *Provided*, That the only effect of the investigation herein provided for shall be to give the facts leading to such dispute to the public through an unbiased channel. (R. S., 1889, sec. 6356.)

"Section 8140. Board not to be formed; when. In no case shall a board of arbitration be formed when work has been discontinued, either by action of the employer or the employees: should, however, a lockout or strike have occurred before the commissioner of labor statistics could be notified, he may order the formation of a board of arbitration upon resumption of work. (R. S., 1889, sec. 6357.)

"Section 8141. Board to appoint a clerk; compensation. The board of arbitration shall appoint a clerk at each session of the board, who shall receive \$3 per day for his services, to be paid, upon approval by the commissioner of labor statistics, out of the fund appropriated for expenses of the bureau of labor statistics. (R. S., 1889, sec. 6358.)"

Now that is all the law we have on arbitration in our State.

Q. How long have you been in office?—A. Two years next February. I succeeded Mr. Roselle.

Q. During that time have any labor troubles involving the question of arbitration come under your observation?—A. Yes. The most serious was that of the street-car strike which commenced May 7 of this year and continued for 55 days.

Q. Will you kindly give the commission the outline of that difficulty, and how far you were brought into personal connection and knowledge of it, and your conclusions concerning it?—A. At the last session of our legislature, which was winter before last, a bill was passed by the legislature giving to certain independent lines of street railroad in the city of St. Louis the right to consolidate. They formed a consolidation in May following that—after the legislature. There was a demand made by certain employees of what is known as the Transit Street Car Company—which was a consolidation of several independent lines which had been running in the city—there was a demand made from them for shorter hours of labor, and also in regard to the employment of men who belonged to what was called the Amalgamated Association of Street Car Employees of America. They organized in the city of St. Louis. There was a union formed in the city of St. Louis among the employees of the transit company, and also partially of the employees of another company, known as the Suburban Street Car Company—St. Louis and Suburban, it is called. There was a strike of some few days on the Suburban, but that was settled without any serious trouble. But the employees of what was called the St. Louis Transit Company struck May 7, and there was

not a car run on the various lines, which cover some 400 miles of street-car lines in the city of St. Louis, for 12 days.

Q. (By Mr. PHILLIPS.) You might state at that point how that affected retail business.—A. It affected it to the extent that the whole city was terrorized to a certain extent. Women were afraid to attempt—even when the cars began to run after the 12 days—were afraid to get upon the cars to go shopping. Business men were afraid to take the car. There was hardly a day or hour in the day that the cars were running that some one was not injured, and a number of people were killed. It resulted in the swearing in of an additional number of policemen in the city of St. Louis. Even that was not sufficient. The power of the sheriff was invoked to swear in deputies, and he swore in what was termed the posse commitatus. That posse commitatus, being under the control and direction of the sheriff and the chief of police, patrolled the city. In the meantime the transit company, being compelled under its charter to run its cars, sent agents to every city, I presume, where they thought they could find persons that would come and take the place of those men who would not work, and some that were afraid to work on account of the feeling about the union—on account of the methods that were used to prevent the car lines from running. Dynamite was used on the cars and the cars were wrecked. Men were shot at and stoned as they rode upon the street cars along the streets for 55 days.

Q. Were there any women badly mistreated in that time?—A. Yes; some women were very badly mistreated. One of the most flagrant cases committed was where a mob stripped a woman of nearly all her clothing, and she was left naked in the street, because she rode on one of those cars during the time of the strike.

Q. (By Mr. LITCHMAN.) How many men were involved?—A. Some 3,500 on the transit line.

Q. Was that a difficulty over which you had any control by virtue of the duties of your office?—A. Only this far: Under the law which I showed you I had the power, before the strike was commenced, or after work was resumed, to form a board of arbitration composed of 4 men besides myself—that is, 2 employees in like business and 2 employers—I to act as chairman of the board. But our duties only went so far as to gather information to go before the public, having no power whatever to compel either the employees to return to work or the employers to give them work.

Q. Merely an investigation as to facts?—A. It was merely an investigation as to facts.

Q. Was that done?—A. That was only done this far: The strike began on the 7th of May, and until then almost no intimation of it was given. Under the law, the strike existing, I could not form a board of arbitration. I never formed a board of arbitration because I did not consider that under the law there was anything whatever that I could arbitrate. It was simply advisory. The strike has not yet been declared off, and those employees who were engaged at the time of the strike have never returned to the employ of the transit company.

Q. What action, if any, was taken by the authorities to protect the rights of the citizens at large?—A. Action was taken by the police. We have a police board that issues instructions to the chief of police. They did everything in the world in their power to try to control the people and to try to continue the means of travel, so that business men and those who were employed could be able to go to and from their business. For nearly 2 months a great many people, I might say thousands of people, would not go upon the transit street car lines at all, but rode in wagons.

Q. As a matter of choice; as a matter of sympathy with the strike?—A. Well, both; a great many through sympathy and a great many for fear they might be injured, feeling that that was the only means of going with safety to their places of business.

Q. These police measures were taken under authority of the city?—A. Yes; in St. Louis the board of police commissioners is appointed by the governor of the State, and the chief of police is of course elected by the board, and you may say that in a measure the police of the city are under the control of this police board, appointed by the governor of the State.

Q. Of how many does that board consist?—A. Five, with the mayor of the city, 4 being appointed by the governor.

Q. Is it a bipartisan board?—A. No.

Q. It may be all of one party?—A. Yes.

Q. (By Mr. FARQUHAR.) How many deputy sheriffs did the sheriff call out and swear in?—A. I think some 1,500.

Q. Was there cooperation between the chief of police and the sheriff?—A. Yes;

they did all they could to try to quell the disturbance, and at last it was stopped. It just seemed to die out of its own weight.

Q. (By Mr. PHILLIPS.) How many persons lost their lives, and how many were seriously injured in this strike?—A. Well, my knowledge and the best of my recollection is that there were some 14 persons killed and in the neighborhood of 150 to 175 injured. And it was estimated that the loss to the transit company was about \$1,250,000—that was their statement—and that the employees lost something like \$275,000 in wages; and it was estimated that the public at large, that is, the business community, lost over \$30,000,000 during that strike.

Q. (By Mr. CLARKE.) Were many injured entirely disconnected from the controversy?—A. Children were killed and injured, and women and men; yes.

Q. (By Mr. PHILLIPS.) Were the women injured or abused because they rode on the cars at that time?—A. Yes; it was dangerous for any man, woman, or child to go on a car.

Q. (By Mr. FARQUHAR.) In the arrests that were made for infractions of order what was the proportion of unionists as compared with other citizens that were not railroad men?—A. I do not know about that. Quite a number of the ex-employees were arrested for violating the law; but I can say this for the union, the authorities—that is, those that were heads of the unions there—that through the press, and as far as I know, they did everything they could to try to suppress all lawlessness and to keep the members of their union and those who had been employees from violating any law. And I believe that a large majority of those that were engaged in the lawlessness, the throwing of stones and trying to interfere with people, were boys, young fellows. You know how they are in the city. It was a matter of fun with them; it was an opportunity to have fun.

Q. (By Mr. PHILLIPS.) Have any persons been arrested for murder in connection with these strikes?—A. Indeed, I do not know. Those cases were such that it was generally where they could not detect them well. Some were killed and injured from dynamite bombs that were put upon the street-car lines at night.

Q. Have any been convicted for that crime?—A. No. I believe there were 5 arrested for that crime. I do not think the trial has come off yet. I think they are now in jail.

Q. (By Mr. FARQUHAR.) Has the trial been had of the parties who stripped naked the women?—A. Yes; arrests were made, and a woman was punished. She was the only one they could get, and it was a woman that was a party to it.

Q. (By Mr. LITCHMAN.) I understood you to say that the strike was never settled.—A. I mean by that the Amalgamated Association of Street Car Employees of America has never called off the strike. There has been some effort on the part of the different trades unions to call off the strike; that is to say, a large majority of them had passed resolutions to fine their members if they rode on the street-car lines during the time of the strike, and subject them to other severe penalties some to expulsion from the unions. Some of these unions have withdrawn that resolution.

Q. It would be regarded as an unsuccessful strike?—A. I so regard it, from the fact that it has never been declared off by the amalgamated association, and that the owners of the transit company positively refused to accede to the demands of the employees.

Q. (By Mr. FARQUHAR.) Did they refuse to recognize the union?—A. Yes.

Q. (By Mr. LITCHMAN.) Will you kindly state what the demands were on the part of the men?—A. I do not remember exactly. There were two demands. One demand was made on the 10th of March. I do not think I have it here. The last demand made, and which was positively refused, was that no one should be employed by the transit company unless that person belonged to the Amalgamated Association of Street Car Employees of America, and that if any men employed by the company failed to join within 30 days after the agreement should be entered into they should be suspended from work or discharged unless they did join.

Q. Was there any question of wages involved?—A. Indirectly there was at first. In the first proposition a question of wages was involved, but that was amicably settled between the employees and the company. The first strike lasted several days, and then it was declared off and the men went back to work.

Q. Was the question of hours of labor involved?—A. No; that was not considered.

Q. Do you know what the hours of labor are on the street-car lines of St. Louis?—A. No. I did know. But that was not a question of hours of labor. It seemed to resolve itself into whether or not the company should employ men who did not belong to the union—the second demand.

Q. The other questions were amicably adjusted?—A. Yes.

Q. (By Mr. FARQUHAR.) As to the second demand of the men, was that from

the failure to carry out the stipulations of the first agreement or not? Were the provisions of the agreement made on March 10, 1900, continued in force?—A. I will read from the official records of the street-car strike:

"1. The provisions of the agreement of March 10, 1900, as to rates of pay and hours of service will be continued in force by the company.

"2. Every employee of the company to be free to join or not to join any organization and no discrimination to be made for or against him because of the manner in which he exercises his freedom.

"3. Any attempt on the part of any employee to induce any other employee by intimidation or threats to join or not to join any union shall be cause for the immediate discharge of person guilty of such attempt.

"4. Any attempt to influence any employee by any official of the company to join or not to join any union shall be cause for discharge of such official.

"5. The company will meet any employee or committee of employees, whether representing themselves, other employees, or an association of employees, regarding any matter of mutual interest.

"6. For the purpose of filling vacancies which may now exist or hereafter arise, the committee of former employees, of which T. B. Edwards is chairman, shall prepare a list of the men who were in the company's service on May 7 last, and as the company now or hereafter needs additional men it will select them exclusively from this list until it is exhausted, not interfering, however, with men now in the service. No person shall be eligible to this list who has been guilty of any acts of lawlessness or violence.

"July 2, 1900.

(Signed.)

"ST. LOUIS TRANSIT CO.,

"By EDWARDS WHITAKER,

"President.

(Signed.)

"T. B. EDWARDS,

"Chairman of Committee.

"The strike is hereby declared off.

"T. B. EDWARDS,

"Chairman of Committee."

This was the last agreement that was entered into by the transit company and its employees.

Q. How many days was this after the strike?—A. The street-car strike commenced on the 7th of May. This was entered into on the 2d of July. It was signed by Mr. Edwards, chairman of the committee. But the Amalgamated Association of Street Car Employees of America met in the city of St. Louis and repudiated this agreement, and the strike has never been declared off to this day.

Q. (By Mr. PHILLIPS.) Are there any union people now employed?—A. Not as union people. They positively refuse to employ men as members of the union, but as men. That was the fight between the company and the employees.

Q. (By Mr. LITCHMAN.) Were there any reasons given, so far as you know, by the amalgamated association representatives for repudiating this agreement?—A. My information was that they claimed that Mr. Edwards did not have the right to make such an agreement without its being ratified by the amalgamated association.

Q. (By Mr. FARQUHAR.) This agreement was made by the committee of which Mr. Edwards was chairman?—A. Yes; and had acted with other employees who were members of the association.

Q. (By Mr. LITCHMAN.) Have you any knowledge as to the authority given to that committee by the association at the time of its appointment?—A. My people were there in consultation with them a number of times, on one occasion at the Southern Hotel, with the governor of the State and the attorney-general, and Mr. Hawes, who was president of the police board, and a number of other prominent gentlemen who were interested in the matter, and my understanding was they had authority to make any agreement that they thought proper.

Q. (By Mr. A. L. HARRIS.) Was it to be submitted to the association for confirmation?—A. No; not that I know of. I think the reason that agreement was not ratified by the association was that many men had been employed by this transit company who had come from distant cities, and as the company agreed to employ those who belonged to the union only in case of vacancies, and as all the places were filled, it would simply be now and then that a man could be gotten on. So they concluded it was not in their interests to accept the agreement. One agreement was made in which the street-car company agreed to take on 1,500 out of 5,500.

Q. (By Mr. LITCHMAN.) Was that subsequent to this agreement?—A. Ex-Governor Stone was employed by the employees of this transit company, and through him they agreed to reinstate 1,500, but for some reason—I do not know what—that was not accepted by the men. That was the largest number of employees, and the only definite number, that they agreed to reinstate. In this last agreement, entered into by Mr. Edwards and Mr. Whitaker, who is president of the transit company, there is no definite number stated.

Q. Was any action taken by any State official to try to bring together the association and the transit company for a settlement?—A. Yes. I made every effort in the world that I could, and did bring them together. They were together often in consultation. There was not any trouble about bringing them together in consultation, but the trouble was in getting them to agree. The governor came to the city repeatedly, and used every effort in his power. So did the attorney-general of the State; he came time and time again. We used every method in the world that we could to amicably settle the matter. There was a meeting of the business men. The league of South St. Louis called on the business men of the city to meet at the Merchants' Exchange, and I attended that meeting. A committee of 7 was appointed, composed of some of the leading business men of the city. One was Nathan Frank, who formerly represented one of the Congressional districts of St. Louis. Another was C. W. Knapp, who was editor of the St. Louis Republic; also F. G. Cramer, J. H. Lionberger, Henry Fairbank, Thomas M. Funston, and Dr. E. Pretorius, who is editor of the Westliche Post. These gentlemen were chosen by the merchants and business men and the citizens of St. Louis at the Merchants' Exchange to use every effort in their power to try to bring about a settlement between the employees and the transit company. For some 3 weeks—nearly a month—they met almost daily, sometimes twice a day; and there was no trouble in approaching either the representatives of the employees or of the road, but they would not agree, and never have agreed.

Q. (By Mr. FARQUHAR.) Was the last strenuous effort made on the part of the association simply for the recognition of the union?—A. I consider that the whole cause of the trouble was the nonrecognition of the union by the transit company. They positively refused from the beginning to do that, and nothing could be done by the State officials or by business men or anyone else to get them to agree to it.

Q. (By Mr. A. L. HARRIS.) Was that the chief question of difference between them?—A. Well, it resulted in that.

Q. (By Mr. LITCHMAN.) Is it your opinion that your authority to interfere and thereby attempt a settlement was so meager that no results could be arrived at?—A. Yes.

Q. The law was, in your judgment, followed out in that respect?—A. Yes.

Q. Now, what suggestion have you to make in regard to legislation that will reach a question of that kind?—A. I should have stated before that I notified the transit company that I intended to form this board of arbitration. I also notified the employees that I intended to form it, and while under the law I had the power to appoint arbitrators myself, I gave them the power to suggest. The employees readily consented to an arbitration of the matter, so far as the law would permit. We called it an arbitration, although I don't look upon it as that. The employees recommended two gentlemen. The transit company, through Mr. Whitaker, the president of the company, positively refused to suggest the names of anyone at all, and he assigned as his reasons that there was nothing to arbitrate, and also that under the law of the State he was not compelled in any way to comply with such a request. I can say this most emphatically. My experience and observation in connection with strikes is that the only remedy is compulsory arbitration. A law in each State should be passed that in all cases of dispute between employer and employee a board shall be appointed with power to hear all the evidence and to give a decision in regard to all matters in dispute.

Q. You mean by that that each side to the dispute should be compelled to enter an appearance before that board of arbitration?—A. Yes.

Q. How would you provide for the enforcement of your decree or finding?—A. I would enforce it by a severe penalty like I would enforce compliance with any other law where the public was interested. If it only affected the men employed and the men that employed them it would be very different; but in the instance of the street car strike in St. Louis there were over 600,000 people, more or less, affected by it. Not only that, but the trade of the city was interfered with—people kept away from the city. Why, men went to other cities to buy goods in the meantime. People would not come there to shop. The papers were full of sensational matter in regard to the street car strike; that a man's life or a woman's life was not safe in the city, and there was less traffic than there had been for years and years on the railroads running into St. Louis on account of

the street car strike. Now, that strike affected not only those employees and employers, but the public at large.

Q. As to the difficulty in the way of securing an enforcement of a finding made by your proposed compulsory arbitration: A law such as you contemplate would be applicable to all cases of dispute between employer and employee, would it not?—A. I should think so.

Q. Then, supposing a case should come up where it would be a dispute between the employed and a private employer, not a corporation engaged in a public business, such as street car service, how would you compel such a manufacturer or employer of labor to obey the findings of your board of arbitration?—A. When a State grants a franchise or a charter to any number of men within the State, giving them certain rights, I claim that the power that grants the franchise and charter to that corporation or that body of men has a right to surround the public with such laws as will protect them in their rights, under such penalties as the legislature of that State may make to the interest of the people.

Q. (By Mr. LITCHMAN.) You think, then, there are three parties to the controversy?—A. Evidently so. Not only in a case like the St. Louis street car strike, but in a case of large strikes where you may find that thousands of people may go out in any class of business; the public is affected by it, the merchant is affected by it, the customers are affected, and the country at large, just to the extent of the business, is affected.

Q. (By Mr. FARQUHAR.) You made a very broad generalization and a very truthful one in respect to the creator being able to regulate the creature by legislation. Now, what did your governor do in regulating these franchises and the owners of these franchises in keeping the peace?—A. Didn't do anything, because this law of arbitration that was passed years ago was upon the statute books. It has never been changed. In fact, I do not know that we have ever had any serious trouble in this State until this year that would call the attention of the legislature to this important matter; but I am confident of this, that the next legislature will not adjourn until the State of Missouri has an arbitration law that will be able to control, at least, those corporations to which they have granted certain powers.

Now, you ask me in regard to how it may affect private business; I say you can pass a law in regard to arbitration that will be just as effective as a factory inspector's law. You can pass a law that where 5 or more, or 10 or more, or 15 or more, or 20 or more people engage in business, that the place where those men are engaged shall be inspected so many times a year, and prescribe what the duties of the inspector shall be; and I claim that if the legislature has power to grant certain franchises to certain corporations and certain businesses, that it also has the right to pass a law that where such a number of men are employed in certain classes of business—they can specify in regard to a certain grade of institutions where the people may be especially affected, as, for instance, public carriers like our street car lines—that they can pass legislation in regard to strikes in such concerns, because the people are directly interested and affected.

Q. (By Mr. LITCHMAN.) How will you enforce the decision against the employer who refuses to abide by the decision of the board of arbitration who would go even to the extent of going out of business rather than abide by it?—A. I would pass a law that would be as effective as the law in regard to the rights of property. I claim that a man's labor and his time are his property, and that whether it is skilled labor or unskilled labor, it is as much regarded as a species of personal property as any a man might possess. I believe we have a right to constitute a board of arbitration which can be given the same power as a court to decide questions that may come up between employer and employee, and may give a judgment, and that the laws of the State may enforce that with as much effect as they can an execution going out from any court.

Q. You think that the law in a State can compel a man to remain in business?—A. No. But if an employee takes advantage of the employer that may be of injury to his business, or the employer takes advantage of an employee to the injury of his time or his interest, I think that there ought to be some remedy, and there can be a remedy for it.

Q. (By Mr. C. J. HARRIS.) Were troops called in at any time in this strike to preserve order?—A. A strong pressure was brought upon the governor of the State of Missouri to call out the State troops in order to try to suppress the lawlessness in the city. He insisted upon refusing to do it. I urged him not to do it—I told him not to do it myself; and it was never done.

Q. You have suggested compulsory arbitration as a remedy for all such strikes and lawlessness—where people were being murdered and stripped. I would like to ask you what would be the effect of such a remedy as this, namely, the enforcement by the State government of laws for the protection of the people of the city

of St. Louis and of the people who are running on these franchises granted to them by the proper State authorities? Would not that fill the bill better than compulsory arbitration?—A. No; I do not think it would, for this reason: In the case of the transit line, they had a right to make such terms with their employees as they thought proper. The law did not regulate, in my State, the number of hours—although a wage day is 8 hours in my State, and we have not only that law but a great many improved laws in regard to labor, to protect their interests—and the State has no right to say how much a man shall receive as a grip-man on a car. Now, if these men strike, they strike, and the sympathy is with these men, and they will neither ride on the cars nor, as far as they can prevent, allow anybody else to ride on the cars, and for 12 days they tie up traffic along the streets over which that car line runs. Then I do not think that the State troops ought to be brought out.

Q. I want to ask you this question, whether order ought not to be preserved by the State or city authorities at all hazards and at all expense?—A. Yes; I agree with you there, but I think—

Q. (Interrupting.) If that order had been preserved, would not the street car lines have run and carried passengers so that the citizens would have had no annoyance or interference? The street car companies were ready to run their lines, were they not?—A. Not without protection. They had to have for a number of days 23 policemen, who would run along the side, and even then, sometimes, the cars were dynamited.

Q. The point I am trying to bring out is this: Was not the whole trouble not compulsory arbitration, but the fact that the State and other authorities allowed a mob to overrun vested rights and the safety of the lives of people?—A. I do not think that the State could have—I do not think that the State had at its command the means of preventing that, as they only had some 2,400 men in the State guards. No appropriation had been made for their pay or anything of that kind. We had over 400 miles of street car line, and if every one of those men had been brought there to guard that line, with the sentiment and feeling that existed there, I do not think that they could have suppressed them. They might in time, just like it did die out of its own weight.

Q. I would like to ask you why, if your State is faulty in that respect, some legislation to cover such rights should not be made at Jefferson City instead of this law, as you suggest, about compulsory arbitration?—A. I do not think that the people of my State are any more lawless than they are in any other State under the same conditions; not as much so as in some. I feel this, that one great reason we have strikes and these questions are not settled is often on account of the unwise leadership of labor organizations in pressing these questions of importance; men who would not yield, as in this case, to anything short of a direct recognition of their unions, and virtually turning over the employment of every man of that transit company, nearly 4,000 men, to just one association.

Q. (By Mr. LITCHMAN.) Do you think that obstinacy is confined entirely to one side of a dispute?—A. No; both sides.

Q. And your idea is that if authority were given to a State board to intervene at the inception of the difficulty and compel the two parties to come together, that the necessity of calling the State militia to suppress the riot would be removed?—A. I would not like to think that we would have to pass a law in my State, or any other State, that would say the people must obey the law.

Q. Do you think it preferable to stop the difficulty at its inception by compulsory arbitration, which you propose, rather than to allow it to assume a condition where it is necessary to call in the militia or police to suppress a riot?—A. I do. I think it is one of the most sensible means, one of the most reasonable and inexpensive means of settling these troubles; and often they can be settled if you have confidence in the board and feel that they will find a righteous judgment between the parties.

Q. Have you seen any disposition to refuse to harmonize the difficulties by reason of the feeling that possibly the power of the State could be invoked by one side or the other to compel a settlement?—A. I believe that if we had had the board of arbitration that I have suggested, or if the commissioner of labor statistics had had the power to form the board, and if there had been any penalty attached to a breach of its decisions, that matter would have been settled long before it was, and would have been settled in a way to-day that it is not, because it is not settled yet. That strike is still on in St. Louis, so far as this association is concerned.

Q. (By Mr. FARQUHAR.) You say you advised against calling out the State guard. Would you regard it as a matter of public justice to call out the State guard of Missouri to protect the vested rights of a corporation that kept their

employees at inordinately long hours of labor and at a small wage, without any recognition whatever, either in an organized capacity or even as individuals—would you regard as just a law that would take the power of the State to thus protect any man or corporation?—A. No; if I was governor of the State I would not do it.

Q. (By Mr. C. J. HARRIS.) Would you not consider it proper to call out the whole power of the State, whatever it may be, in order to protect the rights and lives of men and women and children in nowise mixed up in this trouble except as citizens of St. Louis?—A. I will not say I would not call out the State guards to protect the rights of men, women, and children; but it should be the last resort, the last means of settlement, after everything else had failed; at the last extremity I would do it, and not until then.

Q. (By Mr. LITCHMAN.) You would be disinclined to do it if one of the parties, in whose behalf the power of the militia was invoked, had shown a disinclination to harmonize the difficulty?—A. Yes.

Q. (By Mr. CLARKE.) Would you consider that the governor would perform his duty to the people of his State in not protecting them, merely because a railroad company and its employees were in a quarrel which jeopardized the lives and the safety of the people of the State?—A. I think the governor should use every means possible to protect the rights of no one individual, but all the people of the State.

Q. Would not that be his first instead of his last duty?—A. Well, we may not agree as to the means that he might use in protecting them.

Q. (By Mr. PHILLIPS.) You would prefer trying to enforce arbitration first?—A. Yes, I would try every other means possible before calling them out.

Q. (By Mr. CLARKE.) I do not want to have these two questions mixed. I want the witness' definite opinion as to the duty of public authorities to preserve order and protect life and property—whether or not that is the highest and first duty, or whether it is to be relegated to the rear by some corporation's whim?—A. My opinion is, as I have stated, that it is the duty of the governor to protect the interests of all the people of the State irrespective of business or party, and to use his honest judgment as to the means to protect them.

Q. You said that you thought the governor should not interfere to protect the vested rights of a corporation when that corporation, in his judgment, treated its employees unfairly. Now, do you think it is in the interest of public order that the governor should be vested with judicial power to determine a case between contestants?—A. I think that the office of governor is not only executive but it is, in a sense, judicial in many respects, where it is not restricted by statute or the constitution.

Q. Does not the constitution make a strong distinction between the executive and the judicial authorities of the State?—A. No question about that; they are entirely separate. But questions of dispute that may arise in case of a strike are not subjects, in my State, of judicial investigation.

Q. They may be subjects of judicial investigation, may they not?—A. Only a question of damages perhaps, in a suit that may be brought. Where it might affect a franchise, then it would be a question of damages.

Q. Might it not be in regard to infractions of peace and order?—A. That might be true. That is an individual matter. That would be a subject of indictment, or a question of an individual. That would be an individual indictment as to each one.

Q. Now, you have named three ways in which a trouble of that kind may be a subject of judicial inquiry. Is there any limit, in your judgment, to the power of the judiciary to thoroughly investigate all circumstances arising from a difficulty of that kind on proper cause brought before them?—A. It may be done by injunction. Now, I overlooked something you gentlemen remind me of. That transit company carried the mails of the city of St. Louis. Those mails were carried on a contract. Judge Adams, who is judge of the United States circuit court in the city of St. Louis, granted an injunction on the 25th day of June, enjoining certain parties from interfering with the running of the transit street car company's line, for the reason that over that line the mails of the United States were being carried by this company; and that question was brought before him, and the matter was argued, and he was asked for a perpetual injunction preventing them from interfering with the transit of the mails. Now, there is a case in point where the United States court took cognizance of this strike; but they would not have done it if it had not been for interfering with the mails of the Government, which is directly under the control, you might say, of the judiciary.

Q. That makes four cases which you have named in which the judiciary can take cognizance of difficulties and apply remedies?—A. Yes.

Q. Now, I repeat my question: Do you know of any limit to the jurisdiction of the courts for the adjudication of differences between employers and employees and for the preservation of public order on a proper case brought before them?—A. Well, now, on what you say—upon “a proper case being brought before them”—I will say no, but if you leave that off, I will say yes.

Q. Do you see any inconsistency between the governor's exercising his right and duty to preserve the public peace and protect life and property and such a peaceable and helpful piece of legislation as you propose, namely, compulsory arbitration? May not the two exist contemporaneously and work harmoniously together?—A. No question. That is what I advocated. I advocated that the powers of the governor of the State shall exist as they are now, with authority backed up by the judiciary of the State, and then have this other method, that is, arbitration, which can be resorted to, and which I think ought to be resorted to before the power of the governor or that of the judiciary of the State is invoked.

Q. (By Mr. LITCHMAN.) If there be compulsory arbitration, the case would be very remote where the power of the militia, exercised by the governor, would be invoked?—A. I believe that; yes.

Q. (By Mr. CLARKE.) You, of course, before there is a disturbance of the public peace, would invite arbitration as a means of preventing such disturbances; but suppose that a disturbance has come first, and law and order are set at defiance, would it not be necessary, first of all, to reestablish law and order?—A. I think that the individuals engaged in it should be held amenable to the law and should be punished to the full extent of the law.

Q. I thought I saw a tendency to the confusion of the two remedies.—A. Oh, no; I believe where a man violates the law he should be held amenable to it. I want to say this plainly: that because a man may be one of a hundred or two hundred or three hundred he has not a right to violate the law, where if he did it as an individual he would know he would be punished. I believe a man should obey the law as a good citizen, and when the law of that country is too rigid for him he ought to get out and go somewhere else.

Q. (By Mr. FARQUHAR.) In the case of this strike, the police force was found inadequate to cope with the mob and sheriff's deputies were called in to the number of 1,400 or 1,500?—A. Yes.

Q. Jointly the two did ultimately bring peace, and controlled the mob?—A. Yes.

Q. Without calling the State militia at all?—A. Yes, not one called. The governor never issued any order to that effect at all.

Q. As to vested rights, suppose, as in that case of the St. Louis strike where Mr. Whitaker wouldn't recognize the union, wouldn't recognize any body of organized men, just as in the Cleveland strike, and the employers stood on their vested rights under the protection of the State, they held these men as it were tight in a vise, without any remedy whatever but the remedy of a strike; and ultimately that strike became a mob. Do you see where the sense of justice enters into the protection of vested rights in a case of that kind, when it is manifestly against the men and against the well being of the citizens of your own State?—A. I think, where the State grants rights to corporations or gives franchises, that there ought to be a law by which the people may be protected, as well as the men to whom these rights have been granted, and the employees whom they engaged. I do not think they ought to give to a corporation or any trust a franchise of unlimited power to act as they please where the public is affected.

Q. (By Mr. A. L. HARRIS.) Can you not carry that further, even to a partnership, that does not get its authority from State charter, on the ground that the peace and dignity of the State are to be preserved.—A. I do not see the right or propriety of the State usurping the natural powers of a court in the settlement of any dispute that may arise between any two individuals.

Q. You have a law in your State, I suppose, to preserve the peace of the State?—A. No question about that.

Q. Does not a strike necessarily disturb the peace and dignity of a State?—A. No question about that.

Q. A lockout would have the same effect, would it not?—A. Yes; but where two individuals engage in business—as partners, for instance—they may have a dispute in regard to the manner in which the business is conducted. I do not think that would be a question for arbitration.

Q. Then what would be your remedy in a case like the Homestead strike a few years ago?—A. I do not know, unless appeal to what I suggest—compulsory arbitration.

Q. But that was a partnership, as I understand—a company not operating under a charter.—A. Well, even where they do not operate under a charter, I say pass a

law like the factory inspection law, providing that where so many people are engaged in business, or may be employed, you may make that a question of arbitration, just the same as you make a place where there are five or more people engaged in work in a sweatshop, or in a factory, a place subject to inspection by State authorities.

Q. Do you see any constitutional trouble in enforcing the findings of a court of compulsory arbitration?—A. I do not; not in our State constitution.

Q. You think the decree could be enforced on either side?—A. I think it could be. I think the State has the same power by statute to create a board of arbitration with judicial authority, as it has to grant certain judicial powers to certain officers elected under the law.

Q. Would you give them particular judicial authority, or would you transfer it to the courts of record and enforce the findings by punishment as for contempt of court?—A. I would give them judicial authority; then I would make the finding a matter of record, and enforceable as any other judicial finding would be, by a sheriff or constable.

Q. Would the trouble be relieved in many States, at least—I do not know what the condition is in your State—by making a judge of the court one of the board of arbitrators, or the presiding officer—the fifth or seventh arbitrator?—A. I do not see any objection to a judge. I think you ought to get men not only of judicial knowledge, but men that are capable, that have a broad-minded and intelligent knowledge upon these questions. The judiciary are generally that.

Q. Is the sentiment in favor of compulsory arbitration growing?—A. Yes; I think it is growing in the West very largely, especially in my State. For instance, the Democratic party in the State of Missouri made it a question and put it in their platform, which shows the sentiment. They are in the majority there in the State. I believe it is not only the consensus of opinion of the Democratic party, but of the Republican party, and all parties, in fact. The majority of people in my State are in favor of arbitration.

Q. What is the feeling on the part of those directly concerned, the employer and the employee, in regard to it?—A. Well, I think the employees are more willing to arbitrate than the employers. There is a desire on the part of the men who have large interests, control large interests, not to be dictated to by anybody or to be controlled in any way—not to be hampered any more by law than is possible. They find that their money sometimes protects them in violating the law. I believe it would be fought very bitterly by large corporate interests. I believe it would be fought everywhere.

Q. You think they would rather take the risk of the destruction of their property than to submit to compulsory arbitration?—A. I believe they would be willing to assume the risk; yes.

Q. (By Mr. LITCHMAN.) Do you make any distinction between corporations which derive their power from franchises granted by the State and employments where the relation between employer and employee is personal?—A. Yes; I would make a distinction, because the corporation's powers are directly granted by the State, giving it rights to do business—given a charter with certain restrictions under the State; but I would not confine it simply to those. As I have stated before, any labor difficulty in any business in which there are a number of people engaged that is subject to supervision by the State authorities I think ought to be subject to arbitration.

Q. (By Mr. C. J. HARRIS.) Is that fair to the employers, provided it is true that you can bind the employers because they have property that can be attached, whereas the workingman, simply coming together to arbitrate, would not be bound, you may say, at all?—A. I think that it ought to be equal between the two. I do not think that an arbitration law should be passed that would work to the injury of one party to the benefit of the other.

Q. You can compel a corporation to run its works at a loss, at a certain wage that the arbitration board may decide upon, until all its surplus capital is wiped out and it is insolvent, can you not, by medium of the courts, provided you have your compulsory law properly framed? But how are you going to compel the thousand workmen to work at the wages the arbitration committee may decide upon, provided they do not choose to so work?—A. I do not think that a board of arbitration ought to have a right to say to a man that he shall give more wages to an employee than his business can afford. I think it would be absurd to even presume that a law could be passed of that kind.

Q. Suppose the board of arbitration decided on a scale of wages that the company could not afford to pay. Your compulsory arbitration does not amount to anything unless you force that company to run its business on those terms; and, as I understand, your compulsory law is going to be so framed that it will compel them to run on those terms.—A. It has never entered my head that a law should

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be passed to say to a man, You are making more money than you ought to make and are paying less than you should pay. In regard to arbitration, I think the main object with me is to prevent this great trouble that exists, where lawlessness may be resorted to by those people that feel they have been aggrieved. They can't approach their employer, as he will not treat with them except as individuals. That is one reason why I believe in labor organizations. While I am not a member of any labor organization, I can see that the greatest protection they have is in labor organizations and labor unions when they are properly managed and controlled, where they will be recognized. Now, you take in the case of a strike we had in the city of St. Louis among the shoe cutters. They waited upon me, and asked what I could do in regard to the matter. I asked if it was a question of overwork or as to time. They said, "No." I said, "A question as to the reduction of wages." They said, "No." I said, "What is the trouble?" The man said to me: "I am a shoe cutter; I have been in the business 19 years; I am skilled at that work. My business was to cut and my task was to cut 92 pairs of shoes, for which I received \$2.40. The superintendent instructed me that I had to cut 120 pairs. I said, 'How much more wages will I receive?' He said, 'Not a cent.'" Now, they increased the task upon that man and yet did not increase the hours of work nor change the wages. That was one of the causes of his striking. I asked the others what was the cause. A man said: "Well, I have been a shoe cutter for years, and the superintendent told me I had to teach boys; turn my shop into a kind of a kindergarten school to teach boys how to cut and give them one-fourth wages. I refused to do it, and I was discharged." Men strike for a great many causes. There is sometimes a lack of sympathy between the employer and employees. One is trying to simply earn a living and the other is not willing to pay anything; simply trying to make every dollar he can and become rich and independent. They do not seem to come together as they should. There is no means of reaching them. It is only through labor organizations sometimes, or through unions, that they can be approached, and a great many will not recognize them to any extent. As a substitute for that, I say a board of arbitration can be formed—not given unlimited power—I don't mean that—to go to a man and say how much he shall give this man or that man or the other man, but to limit them in their powers in regard to disputes that may arise between them. I have not thought out the plan as to how far that limitation should go, but suggest it as a means, at least, of trying to harmonize the interests of the two, capital and labor, the employer and employee.

Q. (By Mr. PHILLIPS.) The commission would like to know how any compulsory arbitration decisions would be enforced, both upon the employee and employer? How could it be enforced without interfering with individual liberty, if you please?—A. That would be a question that of course would have to be studied out by the framers of the law. I have no definite plan in regard to the limitations of authority. I have an idea, though, that it should be limited to the extent Mr. Harris suggests: that is, if a man, say, works a thousand people, and they are not getting the wages they think they ought to get, the board of arbitration should not have power to say to that man that he has got to pay those wages when they know he is losing money. I do not think the board of arbitration should have that power.

Q. (By Mr. FARQUHAR.) You have had considerable experience as a labor commissioner. You have read the proceedings of all the State boards. Did you ever know of a decision of a State or local board that destroyed a man's property?—A. No; I can say I never have.

Q. (By Mr. CLARKE.) Did partisan politics enter into the St. Louis strike in any way?—A. I do not know. Of course, there are a great many assertions that it did and a great many denials, that it did not. If it entered into it, I do not know it. If it had been just before an election perhaps it would have been different, but there was no election pending at that time.

Q. Were the State government and the city government under the same party?—A. No; the city government was under the control of the Republicans. Mayor Ziegenheim was mayor of the city, and he had control; and the sheriff was a Republican. The police force, however, was under the control of the governor of the State, through his board. The governor of my State appoints the police board; and the mayor of the city is a member of the board. The four members that are appointed by the governor, with the mayor, elect the chief of police and the officers. In fact, the police force of the city is under the control of the board.

Q. (By Mr. LITCHMAN.) The police board was Democratic?—A. The police board was Democratic, yes.

I think that factory inspection is one of the most important questions pertaining to labor in cities. While the law of our State gives to every city of 5,000

inhabitants or over the power to appoint a factory inspector, St. Louis, unfortunately, has no factory inspector and never has had one.

Q. (By Mr. C. J. HARRIS.) Why is that?—A. I do not know, I can not tell. I have used every effort in my power to try and get the city authorities to have a factory inspector. The council and house did pass a bill creating a factory inspector, two deputies, and a clerk, but the mayor has never appointed one.

Q. (By Mr. LITCHMAN.) Then the law of your State is not mandatory as to the selection of those; it is left optional with the city?—A. It says it shall be the duty of the city authorities of every city of 5,000 inhabitants and over. There is no penalty attached to it, however.

Q. (By Mr. PHILLIPS.) There is no penalty, and it is a dead letter?—A. Yes.

Q. You think it is very important?—A. I think it is very important where so many people are engaged at work.

Q. Have you looked into the law of Massachusetts in regard to factory inspection?—No; I intend to recommend to the legislature, which meets this winter, a factory inspection law which, I think, will cover the matter.

Q. (By Mr. A. L. HARRIS.) To whom do the factory inspectors of the cities report?—A. They have not any.

Q. Assuming that they do?—A. They would report to the labor commissioner. The law provides that the office of factory inspector can be held by some other officer. For instance, in Kansas City they have a building inspector, and he is also the factory inspector, and he reports to me.

Q. Does the law give to the inspector sufficient authority to enter upon the premises and make recommendations and compel compliance with the recommendations?—A. Yes.

Q. (By Mr. LITCHMAN.) Does the investigation cover sanitary conditions?—A. Yes.

Q. Safety appliances?—A. Yes.

Q. And all these matters pertaining to the safety and health of the employee?—

A. Yes. We also have a law for the inspection of bake shops that was passed last winter.

Q. (By Mr. FARQUHAR.) How efficient are your local health boards in relation to the sanitary condition of the factories, etc.?—A. I do not think they are very efficient; I do not think they are as efficient as they might be. I can say, though, that the general condition of our cities is much better than you would expect to find it in a great many places, because the employers, the men who have factories and places, seem to take great pride in trying to make conditions as pleasant and as comfortable and as safe as possible. We have a fine building inspector in the city and he looks after the building permits, and the building inspector of the city, of course, cooperates with the factory inspector, especially if it is a building where persons are engaged at work.

Q. (By Mr. LITCHMAN.) Now, branching off on general labor subjects, can you give the commission any information as to the conditions of labor generally in your State and the rate of wages?—A. I submit a list, taken from my last report, showing the average daily wages of skilled and unskilled labor in Missouri, compiled from reports as to wages in forty different classes of work.

Average daily wages of skilled and unskilled labor in the State of Missouri.

	Average daily wages paid male employees.		Average daily wages paid female employees.	
	Skilled.	Unskilled.	Skilled.	Unskilled.
1. Architectural iron, cornice, and sheet metal.....	\$2.57	\$1.28	\$2.00	.....
2. Agricultural implements.....	2.11	1.24	.....	.....
3. Bakeries.....	2.27	1.45	1.08	\$0.74
4. Bags and bagging.....	2.29	1.19	1.23	.65
5. Boiler works.....	2.45	1.40	.....	.....
6. Boots and shoes.....	2.10	.89	1.14	.54
7. Boxes—wood and paper.....	2.27	1.23	1.17	.82
8. Breweries.....	2.53	1.45	2.47	.84
9. Brick and tile factories.....	2.27	1.31	2.00	.....
10. Brooms and brushes.....	1.61	.85	.....	.75
11. Candies and confectionery.....	2.48	1.14	.88	.54
12. Car works.....	2.22	1.44	1.00	1.00
13. Carriages, wagons, and buggies.....	2.13	1.17	1.32	1.15
14. Cigar factories.....	2.24	.70	1.61	.88
15. Clothing.....	2.50	1.24	1.20	.71
16. Coopers and staves.....	1.91	1.25	1.00

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Average daily wages of skilled and unskilled labor in the State of Missouri—Cont'd.

	Average daily wages paid male employees.		Average daily wages paid female employees.	
	Skilled.	Unskilled.	Skilled.	Unskilled.
17. Distilleries and malt factories.....	\$2.09	\$1.62		
18. Drugs, chemicals, and druggists' sundries.....	2.68	1.98	\$1.37	\$0.85
19. Electrical apparatus and lamps.....	2.96	1.18	.90	.75
20. Flouring mills.....	2.13	1.18	1.50	1.00
21. Furniture and coffin factories.....	1.98	1.11	1.19	.65
22. Grocers' sundries.....	2.52	1.84	1.25	.73
23. Harness, saddles, and leather factories.....	1.98	1.16	.95	.50
24. Ice factories.....	2.46	1.40	1.00	
25. Lime and cement factories.....	1.74	1.35		
26. Machinery and metal works.....	2.45	1.28	1.82	.73
27. Paints, oils, and varnish.....	2.89	1.44	1.06	.87
28. Packing houses.....	2.47	1.60	1.46	1.06
29. Planing mills and wood works.....	2.28	1.18	1.00	.83
30. Printing, engraving, and bookbinding.....	2.28	.82	1.20	.74
31. Saw mills and lumber.....	2.29	1.16	1.80	.83
32. Soap factories.....	2.55	1.38	1.92	.77
33. Stone and marble works.....	2.67	1.54		
34. Stove factories.....	2.46	1.48		
35. Tent and awning factories.....	2.17	1.50	1.38	.92
36. Tobacco factories.....	2.20	1.13	1.26	.73
37. Trunk and valise factories.....	2.00	.79		.84
38. Woolen mills.....	1.88	.90	.96	.61
39. Cob pipe factories.....	1.81	.86	.85	.61
40. Canning factories.....	1.80	1.04	1.50	.70
Average daily wages.....	2.25	1.23	1.82	.78

Q. Have you any sweat shop class in any of your cities?—A. No; we have very little of that. Of course the general duties of the factory inspectors cover the investigation of sweat shops.

Q. And nothing has been reported to you concerning sweat shops?—A. Very seldom I have had any report of that kind. I have a gentleman appointed for the purpose, Mr. Anderson, who was inspector under my predecessor; I have had him to inspect the sweat shops and the factories of the city, and he finds them in a majority of cases in good condition. Of course, now and then he will find an exception.

Q. You speak of the average wages per day. How many days does this figure?—A. I do not know; I do not believe I put that down.

Q. Of course an average wage of \$2.50, covering 300 days in the year, would be a great deal higher in the aggregate than an average wage that only covered 200 days.—A. I would say, in my report the average is almost to the limit —

Q. (Interrupting.) The working days of the year?—A. Yes; the working days of the year.

Q. Have you made any investigation which will enable you to know how the wages at the present time compare with previous years?—A. Yes; our wages have increased a little, not much. In some trades they have increased a little more than in others; but the tendency of the wages in my State is upward in regard to mechanical work.

Q. (By Mr. PHILLIPS.) Do you make any distinction in your statement between colored labor and white labor?—A. No.

Q. That embraces both classes?—A. Yes; it embraces all employed, both classes, in 40 different kinds of business.

Q. Have you any means of knowing how many are colored and how many white?—A. No; I have never made that investigation. There are very few colored, except in domestic work, in my State. It is an exceptional case where you find any colored labor in factories, except as porters. Neither colored female labor nor colored male labor is engaged in the mechanical arts. But a great many of them are employed as domestic help there.

Q. There are no factories that are run wholly by colored labor?—A. No; not in my State.

(By Mr. LITCHMAN.) Are the 40 employments covered by your table representative of the general industries of the State?—A. Yes; that includes not only St. Louis but all of the towns and cities where like investigations are made. Each manufacturer is compelled under the law to give the labor commissioner statistics

as to the number of persons engaged and the amount they receive and the number of days they work.

Q. Do you have any rule in sending out your blanks as to the establishments to which they shall go—I mean by that as to the number of hands employed.—A. Yes.

Q. What is the minimum number that you consider worthy of investigation?—A. Usually where five or more are engaged. Any man that is engaged in any business where he engages a number of hands—we send him a blank.

Q. This covers substantially the entire State?—A. Yes.

Q. Is there anything you desire to state to the commission with respect to general conditions of labor in your State?—A. We have a great many unemployed in our State. I have two State free employment bureaus and they are busy all the time trying to give assistance and help. Under our system, any man, or woman, or child over 14 years of age who wants to find employment, can come and file an application, giving name, age, address, former occupation, and how long they worked at that occupation, and what occupation or business they wish to engage in.

Q. Has the cause of the non-employment come under your observation?—A. That is observed by asking questions. If you ask them, very often they will tell you why they lost their job and why they have not been at work. Their causes are sometimes almost as different as the number that may come in.

Q. (By Mr. PHILLIPS.) How many such bureaus have you established in your State?—A. Two; one at Kansas City and one at St. Louis.

Q. They are employment bureaus under State supervision?—A. Yes; a party makes application for a place. Then we take an application from a party that may want a clerk, a domestic, a stenographer, or any kind of business. We file that application. It states the amount of wages they pay, and the occupation they wish to engage a person in; and we bring the parties together without cost to either. It does not cost them anything at all. That is why it is called the State free employment bureau. We have given thousands and thousands employment? I sent from my Kansas City employment bureau 1,700 men to the harvest fields of Kansas this summer.

Q. How was the transportation paid for?—A. My agent made rates with the railroads that went out into the country, and, of course, the parties got the benefit of it. In some cases their tickets would be sent by those that wanted harvest hands. It depended on the man and the crops.

Q. (By Mr. LITCHMAN.) This is an attempt on the part of the State to lessen the number of unemployed?—A. Yes. They go upon the theory, as I said in advocating it before the legislature, that the busy man, the man engaged in business, is not a dangerous citizen; it is the unemployed that have nothing else to do or think about.

Q. (By Mr. PHILLIPS.) How much of an appropriation is made for these employment bureaus.—A. Nothing. I get the same amount that my predecessor received. I receive \$24,000 a year for 2 years, out of which I have to gather all the statistics of the State in regard to the mining, mineral, manufacturing, and educational interests of the State.

Q. Is the employment bureau made mandatory upon you?—A. Yes; I have to sustain all these bureaus and also do this factory inspection; so you see I have very little.

Q. Then how is your salary paid under the law?—A. That does not come out. It is \$2,000 a year. That is paid independently. My appropriation is \$24,000, and out of that I employ some 6 to 8 people.

Q. You consider these employment bureaus really very beneficial, do you?—A. I do not know of anything that is more beneficial in the State. I think that the money spent in them returns to the State a hundred fold. There is no question about that.

Q. (By Mr. LITCHMAN.) Do you know of any other State that has a similar plan?—A. Yes; Ohio has and New York; and Illinois appropriated some \$27,000 in the last legislature, and has a free employment law. I do not know of any one thing that is more helpful to labor than that. A great many people come to the cities. The tendency is that way. If it could be stopped I believe it would be beneficial to keep people from flocking to the cities from the country and from the towns. A man gets broke in the country and the very first thought is to go to the city and find employment. He goes there. He may be a stranger, or if he has friends he exhausts their influence and then he seeks for employment and will go to one of these private employment agencies that charge from \$1 to \$5 deposit. Sometimes some of them exact all over a certain per cent of the first or second, or perhaps both months' wages. They send you to numbers that do not

exist, and sometimes to people who will keep you employed half a day and turn you off—in collusion with these employment agents. And the man, who is in the business for the money, has your money and, of course, you may go back and try it over again, not knowing the facts. You pay him another fee if you have it, and that is the way it goes. We have run from 6 to 8 out of our city by virtue of our free State employment bureau. I think finding employment for our surplus labor is one of the great problems in this country. Of course you can not legislate money into the pockets of a man that won't work and has no brains or energy or skill. That will not do.

Q. Have you given any study to immigration?—A. I have studied it this far: I think that the population of this country for its business is as large as we need. We have enough here now.

Q. (By Mr. PHILLIPS.) Would you be in favor of prohibiting immigration altogether?—A. No, not altogether; but I would be very particular about who came.

Q. Do you think our restrictive laws are sufficient now, if enforced?—A. I do not know. I think outside of the Chinamen almost anybody can come that wants to come, in some way. Now, in my State, when I became labor commissioner I found we had 445,000 acres of government land in our State—I little dreamed of it—some of it in the best mineral belt of our State. We have 40 counties in my State in which coal is mined, and we have some 26 counties in which lead and zinc are mined. We have one of the largest lead-mining camps in this country, and one of the largest zinc-mining belts. By advertising that land through my surplus production map, it was the means of selling and having homesteaded over 100,000 acres of it in the last year. We have very little iron in my State just now. What is called Iron Mountain, just below St. Louis, is about entirely exhausted. About the only county where there is much mining of iron is Dent County. There is very little iron, but there is an inexhaustible amount of coal and zinc and lead.

Q. (By Mr. LITCHMAN.) It is bituminous coal, of course?—A. Yes.

Q. And how large are the veins?—A. Up to 6 feet.

Q. (By Mr. PHILLIPS.) Do you know the area of the coal and zinc lands?—A. No. We have 26 counties in which zinc and lead have been mined. We have a large amount of capital invested in our State in the zinc and lead interests.

Q. (By Mr. LITCHMAN.) Mostly in the southwestern part?—A. Southwestern and southeastern. The large zinc deposits are in the southeast, just below St. Louis, near the Mississippi River, in what is known as St. Francis County.

Q. Where is the Joplin District?—A. That is in the southwest.

Q. (By Mr. FARQUHAR.) Is this capital that has developed these mines outside capital or is it home capital?—A. A great deal of it is outside capital, as well as home capital. A great deal of outside capital has come to our State and been invested in those mines.

Q. (By Mr. PHILLIPS.) Are the mine workers reasonably well paid in those mining districts?—A. Yes. I do not know of any State that has any better mining law than Missouri. At the last session of the legislature there were ten amendments passed in regard to mining laws, making it as near perfect as could be, because there was no objection made and the legislature would pass any remedial and beneficial law in regard to the mining interests. And we also made it an independent department, by making the mine inspector of the State the head of what is called the mining bureau, and he is now a State officer. Heretofore he was under the labor commissioner's direction.

Q. (By Mr. FARQUHAR.) Has the development of these mineral lands in Missouri improved and raised the price of agricultural lands contiguous to them?—A. I do not know that it has, only where the land is prospectively mineral. Our agricultural lands in Missouri have not increased in value. In fact I do not think they are worth as much to-day as they were 10 years ago. I do not know why that should be but it is true—outside of where there are prospective mineral lands. Of course you can get almost any price for such land.

Q. (By Mr. CLARKE.) Is it not a fact that the nearby market afforded by the employment of a large number of people in mining helps the farmers in that vicinity?—A. There is no question about that. Our State is a great agricultural State, and the surplus production of my State, according to my report, was \$185,000,000 last year; that is, over and above the home consumption, the estimated amount of production was \$185,000,000.

Q. (By Mr. FARQUHAR.) In agriculture?—A. Not agriculture, but all the interests of the State. Maybe potatoes or such products as might come in the way of vegetables, where they are shipped into those places where there is a large consumption, of course, they affect it; but I can not say that the value of wheat or corn or meat is affected.

Q. (By Mr. A. L. HARRIS.) How recent was your investigation in regard to the value of farm lands?—A. I have not made any direct investigation in regard to it, that is, to make a special business of it, but I know that the office of county recorder in my State used to be one of the best offices in a county a few years ago, and now it is not considered by far the best office in a county. There is not that exchange of property and real estate in Missouri that there was formerly.

Q. One question in connection with the unemployed that I intended to ask at the time; that is, whether that increases or decreases at any periods? In times of depression do the unemployed increase in number?—A. I think so, yes. Of course, every man that puts his money into and engages in business that requires labor, employs people; if he has not any business—goes out of business, he does not employ them. Take, for instance, the tobacco business there; we had some 7 or 8 independent tobacco firms, and when the American Tobacco Company bought out Liggett & Meyers and Drummond and such men, it turned thousands of men and women out of employment.

Q. (By Mr. PHILLIPS.) The Continental, is it not?—A. Yes, the Continental.

Q. Have you anything further to state?—A. I will just state this: I have my report here, a synopsis of it, and you gentlemen might want to know of the conditions there as compared with other years. The total value of the commodities marketed in 1899, as compared with the previous year, shows an increase of over \$5,000,000. That is general information in regard to conditions, agricultural as well as mechanical.

Q. (By Mr. CLARKE.) Is that on account of the increase of prices or increase of quantity?—A. I regard it more as an increase of quantity than an increase of price.

Q. In your State is the tendency of prices of the principal commodities that enter into the support of life upward or downward?—A. The price of wheat is increased; corn has a tendency that way. The strongest price that we have is mules; that has increased more than anything else. We had a foreign market for our Missouri mules, and the tendency of that was to increase largely in price.

Q. You refer now to a comparatively recent and short period, I suppose. Take the last decade in comparison with the previous decade—are the prices generally a little lower or a little higher?—A. I think they are higher, that is, in the majority of commodities entering into the necessities of life.

Q. Like coal, clothing, cotton and woolen clothing, boots and shoes, meats and vegetables.—A. All those things are much higher. In regard to conditions in the city of St. Louis, where I am living, the prices of all necessities that enter into the living of a family have had a tendency to increase, to the extent that there is a great number of people there in the city of St. Louis who heretofore kept house but who have broken up housekeeping and gone to boarding. The prices of these things seem to have a tendency to go up; the cost of domestic life is higher.

Q. (By Mr. A. L. HARRIS.) Has the price of labor increased or decreased?—A. No, the price is about the same. We have not a very high rate of labor. The average that we pay our domestics for general housework in the city of St. Louis is about \$12.50.

Q. Is employment more steady and continuous than formerly?—A. I do not know; I can not give that to you. I do not know that it is any more steady than it was. I think the tendency is to an increase of population of the cities and surplus labor all the time. Of course, the more liberty there is the more competition in regard to prices, and it has a tendency to cut the prices—the supply is greater than the demand.

Q. (By Mr. PHILLIPS.) Have you anything further?—A. I may add if there is anything that I can contribute I will be glad to do it. If you want any further information, when I return to my office I will give it to you specifically on any subject you desire.

I am very greatly interested in you. I do not think Congress ever acted wiser than it did when it appointed a commission of this kind. I think it is one of the most necessary and essential things to our prosperity to know the exact conditions of our country. Congressmen act usually upon what their own constituencies desire and sometimes forgot the desires of others. You, gentlemen, look all over the whole country and see these conditions and then form your opinions.

(Testimony closed.)

WASHINGTON, D. C., November 14, 1900.

TESTIMONY OF MR. JAMES B. REYNOLDS,*Head Worker of the University Settlement Society, New York City.*

The commission met at 2.10 p. m., Vice-Chairman Phillips presiding. At that time Mr. James B. Reynolds, of New York City, Head Worker of the University Settlement Society, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—**A.** James B. Reynolds, 184 Eldridge street, New York City.

Q. How long have you been head worker for the University Settlement Society?—**A.** Seven years.

Q. Please describe that association and its work in New York.—**A.** The University Settlement Society is a society organized to support an institution called the University Settlement. The society is composed of people of more or less means who, in order to support the work done by the University Settlement, make contributions of \$5, \$25, or \$100 a year. Mr. Seth Low is the president of the society and Mr. James Speyer is the treasurer.

Q. Is the association local or national?—**A.** It is local. I distinguish between the association, which is the supporting body, and the settlement itself, which does the work.

Q. Please state the object of the society and describe the work it does.—**A.** The object of the society is to bring together people of the laboring classes and of the wealthier classes, to compare ideas regarding the condition of society, and to work together for the amelioration of the general conditions of society, especially in the poorer quarters of New York City. That is the general statement. The specific lines of work which are undertaken by the settlement would be these: First, investigation into the social conditions of the quarter in which the settlement is located, as, for instance, we have made special investigations of the condition of the unemployed, of the relations between landlord and tenant, of the conditions of women workers, and of pawn shops.

Q. Has the society more than one settlement in New York?—**A.** It has two.

Q. Where are they?—**A.** The first settlement is located at 184 Eldridge street, on the east side of the city, the lower east side, and is in the midst of a quarter peopled mainly by Russian and Polish Jews and Roumanian Jews. The second settlement is at 38 King street, on the lower west side, in the center of a quarter where Italians prevail.

Q. Does the society own the houses that it occupies?—**A.** It owns the main building at 184 Eldridge street, but it rents the second building at 38 King street.

Q. What are those buildings used for?—**A.** For the purposes of the society.

Q. That is, offices or residences for the workers?—**A.** For both. The first purpose of the society is the work of social investigation. The second purpose I should define to be that of providing—stating it in the most general terms—providing opportunity for the people of the district to improve themselves mentally, morally, and socially. And in order to accomplish that end we have the two upper stories of the Eldridge street building, which is a five-story building, devoted to residents; that is, men who live in the building. We have on an average 8 or 10 men living there continually. These men are mainly college graduates; they are not always so, but usually college graduates; and they live there at their own expense, paying a regular price for room and board, and taking part in the work of the house. The work of the house starts with a kindergarten for the youngest children, those between the ages of 5 and 7; and for the next older grade of children we have a series of clubs, boys' and girls' clubs, the clubs being organized primarily for the social purpose, and secondly, for the educational and moral purpose. Each of these younger clubs has a manager or director, a young man or a young woman. The clubs meet once a week and the manager meets with them. The clubs are organized independently; that is to say, we believe very strongly in the principle of self-government; so that each club, even the youngest club, will have its own officers, its president, vice-president, secretary, and treasurer, in order that it may feel a sense of responsibility, and that the director may not feel that he or she is in the position of teacher, having to keep the members in order, call them to account, and look out for the general good behavior. The clubs have their own sergeant-at-arms, and, as a rule, if anything is out of the way we call the attention of the president or sergeant-at-arms to it and the matter receives prompt attention. Our experience has been that the practice of placing the responsibility for good order upon the children them-

selves works exceedingly well, and removes entirely the feeling that the director is a person to be tricked, if possible. So we find in our experience that when a matter of discipline arises the director will more often have to interfere in the interest of moderation than in the interest of severe punishment, because the children are only too willing to punish if they have the chance; they enjoy the exercise of discipline. This characterization would apply to the younger clubs meeting in the afternoon. In the evening we have clubs still more self-governing. They are composed of older members. We always try to sustain to these clubs an advisory rather than a directory relationship. These clubs also are brought together on the social basis and for moral and educational purposes. In addition to these clubs and classes, we have in the building the Children's Penny Provident Bank, with a membership at the present time of about 4,000 children. It receives penny deposits, ranging from 1 to 50 cents or \$1, from children in the neighborhood, deposits which are retained without interest and then paid back to them whenever they call for them. We have a library with a membership of about 1,100 or 1,200, which receives some assistance from the city and slight assistance from the State. And we have a series of concerts, musical classes, and musical entertainments. We have during the year dramatic entertainments. We have certain simple industrial classes; that is, classes in cooking, classes in business arithmetic, in stenography, dressmaking, etc.—although we do not attempt to have a regular industrial institute. In addition to these instrumentalities which operate in our building, we receive as tenant a branch of a society known as the Provident Loan Association. This society is otherwise spoken of as a model pawn shop. I speak of it in relation to our building—though it is a tenant—because the first investigation to which I referred a minute or two ago, which was made in regard to the subject of pawn shops, furnished the material on the basis of which this society was established. This society competes with the regular pawn shops. As you may be aware, the regular rate of interest charged by pawn shops in New York is 8 per cent a month for the first 6 months and 2 per cent a month for the second 6 months, making 80 per cent per annum. This society competes by offering loans for 1 per cent a month or 12 per cent a year. It is, however, a commercial organization—that is, commercial in the sense that it is entirely self-supporting, and that it returns an interest of 5 or 6 per cent on the investment. The branch office established in our place, which has operated for only 1 year—the first year closed last January—did a business of \$500,000, its first year among the people in our quarter. The objects pawned usually amounted to not more than \$5 or \$10 at the outside, which would indicate that a very large amount of business is done during the course of the year. I would like to say that before this branch was established we had a discussion in one of our meetings in reference to the whole subject, and a very strong desire to have such a society established in our quarter was expressed. I would like to call attention to the following point, as it developed in the course of our investigations, namely, that the pawn shop stands as the only commercial means of obtaining money, the only means by which loans can be contracted or money can be raised under any circumstances or conditions in the poorer quarters of the city. When one stops to think what it would mean in Wall street if, in ordinary circumstances, a man had to pay 80 per cent per annum for his loans, one can see how hard it is on the poor who go to a pawn shop in their extremity to have to pay these exorbitant rates. And I think you can appreciate the value of an institution of this character. I am simply interested in it because it has seemed to me to make the commercial relations of the quarter a little easier than they were formerly.

Q. (By Mr. PHILLIPS.) Are the objects generally redeemed or not?—A. Yes. In the case of the average pawn shop we found upon our investigation that from 70 to 80 per cent of the articles pawned were redeemed. In this model pawn shop, if I may refer to it by that title, last year, the first year, 98 per cent of the articles pawned were redeemed.

Q. What per cent of value do you require for pawning?—A. There is no uniform rate of value. I found, when I was making my investigation, that the pawn-brokers all agreed that, contrary to what many of us thought, they were not anxious to get the articles; and, in fact, they unanimously stated that if they had to take the articles they generally lost, and the amount of money they would loan would depend to a large extent upon their estimate of the certainty or uncertainty of the redemption of the article. If they thought an article would be redeemed, though charging a high rate of interest, they were anxious to loan just as much money as they could; if they thought the article would not be redeemed, then they were very conservative and careful. You will say, in noticing this difference in the number of articles redeemed, that there will have to be some explanation of the difference. One difference between this model pawn shop and the other pawn

shops is that the model pawn shop does not loan quite so much on the articles as the average pawn shop. It has felt itself compelled to take this position in order to protect itself. The difference between, say, 75 per cent and 98 per cent is probably due principally to the fact that not quite so large a proportion of the value of the article is loaned by the model pawn shop.

The other agency that has a room in our building, and which we rate as of very high value, is a branch of a society known as the Legal Aid Society, a society which exists in our building partly by our own contribution and partly by its own contributions and enterprise. This is a society to provide free legal counsel for the poor. The branch in our office has been in existence a little over a year and has now from 200 to 300 cases a month. One lawyer, a salaried lawyer, is there giving his whole time to the work, and two of the residents of our building, one of them a graduate, a lawyer by profession though not in practice, and another, a law student, voluntarily give a certain amount of their time to the work. We were led to undertake this work because we found that the legal counsel and aid given to the people was very defective. The tendency of the legal aid so given was also to encourage litigation, and consequently to encourage the expense of litigation, and the professional lawyers of our quarter, to a considerable extent, simply preyed on the people in that way.

The only other organizations which need to be named that meet in our building are certain labor unions. We have the central labor body of the city, called the Central Federated Union, which is a regular tenant. Its regular session is on Sunday afternoon. Two sections of the organization meet on Tuesday and Wednesday evenings. We have four other organizations, trade unions, meeting in the building as regular tenants of our society. All these organizations pay their regular rental to us, as they have paid elsewhere, and simply have the privileges and use of the building. We have recently opened our library to the trade unions, and have supplied a certain amount of special literature on economic subjects, which would be of special value and interest to them.

Q. How large a building is required for this work?—A. It occupies a space 67 by 80 feet. The striking thing in connection with the coming of the trade unions to our building is this: All these trade unions were heretofore meeting in halls that were adjacent to or a part of saloons, and all of them in coming to our building or in opening negotiations regarding the building indicated that they would like to meet in halls that were not connected with saloons; that they felt that the influence of the saloon was often injurious to the business seriousness of their meetings and to the quiet and decorum of the meetings, and that they would like to meet in places which would not have that kind of influence. A number of them, at least, stated to me, however, that in canvassing in different parts of the city they found it was practically impossible in New York to find any hall at such a rental as they could afford to pay which was not attached to a saloon. The saloon relationship is always made easy, so far as the rental is concerned, with the result, however, that it is understood and expected that the members of the union will patronize the bar, and will "take it out in trade." For instance, a member of one of the unions which is now meeting in our building told me that they met formerly in a hall on the second floor of a building to which access was obtained through a long passageway from the street, but on the night when their union met the door of the passageway was always closed and barred, and access was only through the saloon, so that the members had to pass around in front of the bar. And, as they were occasionally reminded of the fact that they were paying practically a nominal rental, they felt, in the interests of decency and generosity, that they must patronize the bar. The result was that the managers of the union said that they found when they had serious business that the condition of some of their members was such as to prevent the consideration of business in the serious and dignified way which they desired. So we have felt that we were making a very valuable contribution to the serious and orderly consideration of labor matters by being able to provide the use of our rooms for labor organizations, and to provide them on such a business basis that they could come to us with perfect self respect. Those would cover, I think, the principal works going on inside of our building.

Q. (By Mr. CLARKE.) I would like to inquire how these outside societies which are domiciled with you are organized and maintained. Take the Legal Aid Society, for instance.—A. That is an incorporated society which has its outside support, like any other philanthropic society—it has its president and secretary and treasurer, and it has a regular list of supporting members. The Provident Loan Association, as it is called, is organized in the same way, though it has a capital stock.

Q. Those societies are benevolent then, very largely?—A. Yes.

Q. Do the lawyers employed by them charge fees, or do they render the service gratuitously?—A. In case of the Legal Aid Society the lawyer receives a salary.

He only charges 10 cents for the registration of a case; but if, as the representative of the society, he brings a suit to recover a certain sum of money, then, I think, 20 per cent of that money is handed to the society as compensation if the money is recovered; if the money is not recovered, no charge is made. But advice is given gratuitously.

Q. How is that society and that kind of service regarded by the bar association or the legal fraternity generally of the city?—A. Most of its contributors are members of the bar association, and lawyers. The society has been very careful not to take up cases where there was no reason why these people should not hire an independent lawyer. It only takes cases of extreme poverty. It would be very cautious on that point.

Q. This then practically is a way devised and conducted by the legal fraternity for extending the benefit of counsel to those who could not otherwise have it?—A. Practically, yes.

Q. How many people are connected with your work?—A. Well, the only way that I could estimate that would be by giving our record as to the number who use the building weekly for specific purposes—who are recorded as attending, members of our clubs, as drawing books from the library, or depositing money in the bank, or attending meetings of the organization. The number who use the building in one way or another is about 6,000 weekly.

Q. Is the number increasing?—A. Yes, steadily increasing. In fact, our difficulty now is to find accommodations. The number is increasing without any effort on our part. Our difficulty is to find accommodations for societies, and organizations established by the young people and adults in our district, who desire the use of our rooms, and such help as we may render them.

Q. Do you go out among the people see them at their homes and places of employment, to interest them in your work, or does the fact of its being planted there attract their attention so they voluntarily come?—A. Our work has now been established 14 years. The work in the second building has only been in existence a few months. In the earlier part of the time we had to do a certain amount of canvassing to make the work known. Now we do no canvassing or visiting for the sake of making the work known. The directors of clubs occasionally visit the homes of members of the clubs, or we go to see the members in connection with labor organizations, but there is no visiting to drum up attendance. We occasionally announce meetings in the papers, but that is all.

Q. How many workers do you usually have?—A. From 8 to 10 resident workers, and from 40 to 50 nonresident workers.

Q. How about nonresident workers?—Do they come and reside a while and then go away, or are they mere day visitors?—A. Day visitors.

Q. Are most of your workers graduates of colleges?—A. Most of the residents are; most of the nonresidents are not.

Q. Are they of both sexes?—A. Yes. I omitted to state that we have also a bathing establishment in our building—5-cent baths provided.

Q. Are they patronized considerably by the 6,000 people who go there?—A. Yes; and by a great many others who would not be members of our clubs and classes. During the summer a great many of the working people of the vicinity take advantage of our baths.

Q. Have you been able to discover any improvement in that class of people in respect to cleanliness as a result of those conveniences?—A. I should say that we could. Still, a matter of that kind is a matter of which one hesitates to speak, and of which it would be very difficult to record indications. But we certainly find that there is an increasingly strong element in the community, of those connected with the clubs, who have availed themselves of these other privileges, who themselves stand for cleanliness, health, and morality.

Q. You try to civilize your people by improving their methods of living?—A. Yes; both in their individual life and in their community life.

Q. So that considerable teaching and discussion is devoted to topics of that character?—A. Yes; a great deal.

Q. (By Mr. FARQUHAR.) Does it enter into questions of morals and religion directly?—A. Not into the question of religion at all. We are entirely non-sectarian. But the question of morals we do enter into.

Q. (By Mr. PHILLIPS.) You have various denominations, do you?—A. Oh, yes; our supporters are Protestants, Catholics, and Jews.

Q. (By Mr. CLARK.) Speak, if you please, of the nationalities and the occupations, and in fact all the surroundings of the people who are affiliated with your work.—A. Well, in the 14 years that we have been there we have had a glimpse of the rather curious procession of races which has marched up New York City during the last 40 years. As is probably known to you, 50 years ago the quarter

just east of the Bowery was an American quarter and the dwelling place of some of the wealthy families of the city; but about that time the Irish immigration began, and the Irish pushed the Americans uptown.

Following the Irish came the Germans; and the Germans, by their rather more careful and more thrifty methods of life, drove the Irish uptown. The Irish had become fairly well settled and understood the conditions of the country and were better able to look out for themselves, and they moved up.

Following the Germans, about the time that we established our settlement, say in 1877, came the Jewish immigration—the Russian and Polish Jew. They crowded the Germans out. When we began, our immediate district was almost equally divided between the Jewish and the German population. But the work of exclusion of the German population has gone steadily on until that quarter is practically monopolized by Russian and Polish and Armenian Jews. There is a large public school opposite our building, and the principal told me recently that from 97 to 98 per cent were Jewish children, and the same is true of several other schools in our immediate vicinity.

There is now developing the next product of this social army, namely, the Italian immigration. Within the last 3 years they have begun to press into the quarter; coming from across the Bowery in Mulberry street, where they are established in large numbers, and pushing east in our direction and west into the west side where our other settlement is located.

If you follow the city down a little farther you will find small detachments of Syrians and Greeks and Armenians; but that is about the procession of immigration we have had occasion to witness in the last 10 or 15 years. Now the population is largely Russian, Polish, and Armenian Jews. The persecution of the Roumanians in the last few years has sent large bodies of the Roumanians into this country, and they are crowding at present into our quarter.

Q. Are they generally thrifty people?—A. Generally very thrifty, yes; hard workers.

Q. Not so poor as to be objects of charity then, in any way, are they?—A. I should be inclined to say that more of the Roumanians than of the other races who have gone before are objects of charity for this reason: many of them had been in good condition in their own country, perhaps in better condition than the average of the other races, but the persecutions have been so severe and so widely extended as to deprive them of their energies. As to this Dr. Blau-stein can testify more fully, as he has been very recently in Roumania. We see them as they come to us, and from what we see of their abilities and capacities, we can see that they are people who have been above the ordinary in their own country under ordinary conditions.

Q. Do they voluntarily seek your settlement and avail themselves of its benefits, or do you have to first find them and acquaint them with liberty?—A. They voluntarily seek us. We have in our building two societies of Roumanian ladies, which have been organized for the sake of helping more indigent members of their own race who come to this country; and they have more or less made our building their headquarters, so that through them the newcomers are made acquainted with our work and come to us for help.

Q. You maintain amusements in your settlements?—A. Yes; we have a gymnasium on the ground floor and a roof garden for summer purposes on top, and we have a good deal of recreative work. We organize outings in the summer; have a summer home for girls and a summer camp for boys.

Q. Is the greater part of your work devoted to the young?—A. It would be hard to say what was the exact proportion of youth and maturity. I should think a little more than half of the people using our building were less than 21 years of age. We have a great many grown people.

Q. (By Mr. PHILLIPS.) Are there many quite old people?—A. No.

Q. (By Mr. FARQUHAR.) Do the parents of the children take an immediate personal interest in your work and visit your building?—A. Yes, a good deal. There is, of course, a rather sharp line of cleavage—an unfortunate line of distinction between the parents and the children. The parents have come to this country not knowing the language and not acquiring it easily. The children come, enter the public schools, quickly acquire the language of the country, and become interpreters for the parents. They thus acquire a certain confident Americanism without much difficulty; and I regret to state that in a number of instances they become rather ashamed of their parents, which I regard as one of the most unfortunate circumstances one has to record.

Q. Is it not in all great cities pretty much the same?—A. With the added reason of the difference in language—that the children can speak English and are taught at a very immature age their superiority to their parents, as they have to be called

in as interpreters. I think for that reason the children do not bring their parents to the settlement so much as they otherwise would.

Q. Is there a great variety of employments represented by the people who come to your settlement?—A. Yes. The predominating trade in our quarter is the garment-making trade, but our unions include metal workers and building workers; and the central body represents every trade in the city; but the garment-making trade and the flower workers and feather workers are the main trades.

Q. (By Mr. CLARKE.) Are the occupations of garment making and feather and flower work, etc., sweated industries in your quarter?—A. Yes, they are.

Q. Have you had occasion to investigate the sweating system as it is practiced there?—A. Yes, I have.

Q. Will you give us your views on that subject?—A. I shall be very glad to do so. The first general statement I would like to make is that the garment-making trade has financially degenerated as a result of the rush of immigration during the past 15 years. The trade, until the last 15 years, was in the hands of the Irish women and German men to a very large extent, and while considerable work was done in the homes, more work was done in the shop; but with the development of the ready-made clothing industry and of the Russian and Polish immigration, there arose on the one hand the need of workers, and on the other a very earnest desire on the part of these newcomers to pick up some trade that could be easily acquired and quickly exploited; and the garment-making trade proved to be a trade that was ready for them because of the demand I speak of. The operator is perhaps the lowest grade of worker in the trade. The operator's assistant, for instance, can qualify himself for the work inside of 2 weeks, so that after he has worked 2 weeks he can begin as operator's assistant and get small wages. So it has happened that the Jewish immigrants have, to a larger extent than into any other trade, poured into the garment-making trade, and each succeeding batch of immigrants has been another factor to disturb the conditions which have been established by the previous batch in its entrance into the garment-making trade.

What has happened is this: The Germans have been largely driven out of the trade. The trade has been to a large extent reorganized so that the work now is done with a few exceptions in the small shops and in the private houses or homes or apartments of the people.

About 5 years ago there was an attempt to start work in the factories and to strengthen the factory as against the small sweat shop or the work in the private apartment. That attempt has thus far not been a great success. The introduction of electrical machinery and other kinds of machinery for propelling sewing machines has proved an obstacle. I had occasion to notice only yesterday that two of the largest cloak-making manufacturers in New York City had retired from business, stating as a reason that they found it impossible to compete with the small shops on the east side. The condition the small shop on the east side creates is this: Where there is a large factory the men, being more or less efficiently organized, are able to watch it and see that it maintains the standard of hours and wages. The regular standard would be 10 hours, and wages might vary—the operator's assistant perhaps not getting more than \$5 or \$6 a week, and running from that up to \$15 or \$18 a week for the operators and pressers; and other workers from \$15 to \$25.

Q. (By Mr. C. J. HARRIS.) Were these operatives the sweat-shop people?—A. These are not sweat-shop people.

Q. They get the wages you state?—A. Hardly the cutters. Take the cutters out, and occasionally some of the workers would even get the highest wages that I have mentioned.

Q. (By Mr. LITCHMAN.) You mean in the factory, or the home?—A. In either place, but more usually in the factory than in the home. The home workers are as a rule less skilled workers. In the small shops you will find the more skilled workers, and in the large factories the most skilled workers.

Q. (By Mr. FARQUHAR.) Please state why the factories are not able to compete with the private homes and the smaller factories, if you had any reasons given you by those who control or operate these factories.—A. The reason they give is that with their large establishments they have to have a longer time in which to prepare themselves for the season. These small shops can receive their orders and fill them on 8 or 4 weeks' notice, and rush through a small order, while the large shop could not do with its large orders. I am satisfied, according to their statements—I am not personally informed—that the small shop can make up a small lot of goods in a greater variety of styles for the Western customer and fill his order, while the big shop is not able to do this.

Q. (By Mr. C. J. HARRIS.) Is a great deal of this agitation about sweat shops a

matter of business competition and jealousy between two classes of manufacturers?—A. Well, there may be. I suppose usually in such agitations there is apt to be a small element of that sort. It is to the large manufacturers' financial interest to abolish the small sweat shop, and it is possible that the interests of the large manufacturers are identical with the interests of the worker. The small shop is usually the shop of the contractor.

Q. You mean the sweat-shop worker?—A. I mean the sweat-shop worker, yes. The unions of the garment workers officially condemn the sweat shop.

Q. And they abuse the sweat shop workers, don't they?—A. The sweat-shop workers themselves join in the condemnation whenever they dare do so.

Q. What would the sweat-shop people do if they lost their job?—A. Their theory, of course, is that there is a certain amount of work to be done and it will either be done in the homes, or shops, or large factories. They believe their conditions would be better if the work was done in factories than if done in homes or in shops.

Q. Do you believe it is necessary to persecute these people by a more rigid inspection so that they shall not be able to do work at their homes any more?—A. Well, if you call that persecution, I should say yes. While in a few instances the word persecution might be a fair word to use—in a few instances the home might be clean and the hours respectable, and the return reasonable—in the very considerable number of instances you find this home work means an undesirable number of hours of labor, an undesirable small pay, and undesirable sanitary conditions.

I had occasion three or four years ago to make an investigation in company with the secretary of one of the unions. He had a list of 125 workers. Most were working in small shops. They were all working in some kind of shop, either a shop where only work was done, or a shop that was at the same time a residence apartment of some small contractor. Out of the 125 workers—the average time of work being 10 hours—he mentioned to me 16 by name who he knew were working 12 hours per day; 8 who were working 14 hours per day; 6 who were working 18 hours, and 4 who were working 20 hours per day right along.

Q. Who gave this time of these sweat-shop working people, the people themselves? If working for themselves, no one keeps the time for them as would be the case in a regularly established factory.—A. There were none of them who were working absolutely for themselves. They were either in shops which were only shops, or in shops which were residences and shops at the same time.

Q. You say they were working for other people 20 hours per day?—A. Yes; and sleeping in the shop.

Q. (By Mr. KENNEDY.) Members of the union?—A. Yes.

Q. The officials of the union could easily find out how many hours they were working?—A. I believe his information was correct, and he was one of the most careful men in his statements that I have ever met.

Q. (By Mr. C. J. HARRIS.) How many days did they work 20 hours a day; or was it a fact that they worked each day 20 hours?—A. I can not say.

Q. Do you mean to say they worked right along, some of them, 20 hours per day?—A. Twelve months in the year.

Q. I mean right along steadily, say for one week or one month. Is that the habit?—A. No; I stated there were only 4 out of the 125 who were working 20 hours per day. I asked him to give me an explanation of those working 16 hours and those working 20 hours. He said: "I know personally who these men are who are working 20 hours. They are all men who have come over to this country alone, and are very anxious to bring their families over. They probably will not work more than one season for that length of time; but it has a very bad effect on the trade, because they are not getting wages commensurate with the length of time they work, and consequently they encourage the employer to extend the hours of labor and also encourage the cutting down of wages."

Q. (By Mr. LITCHMAN.) Is the compensation by the piece or the day?—A. It is a combination of the two ways, by the day and piecework.

Q. (By Mr. FARQUHAR.) By the hour and by the piece?—A. Yes.

Q. (By Mr. C. J. HARRIS.) You are familiar, of course, I presume, from your position, with the poorer portions of New York. Are the quarters of these sweat-shop workers the worst there are in New York? Is it true that other classes of laboring people, whose work is perhaps uncertain and poorly paid, are as bad off? Is it true that the homes of these sweat-shop workers are no worse than those of certain other classes in New York?—A. While it would be true that they are no worse than certain others, I do not know of any permanent trade whose conditions are at the present time so bad as the conditions which are found to a large extent among the homes of those working in the garment-making trade.

Q. Is it or is it not a fact that the sweat-shop system of New York affords, then, nearly the only work that very poor and ignorant people, just landed in this country, can take hold of readily and keep body and soul together?—A. Yes; if you except unskilled labor, that is true.

Q. They can work on the docks and similar work, I suppose, but they would require some knowledge of the language at least?—A. Yes.

Q. (By Mr. LITCHMAN.) Do you know of any other employment where the product of that employment is likely, by reason of insanitary conditions surrounding the production, to convey disease to the consumers of the product?—A. The feather and artificial flower trades are of a somewhat similar character. Most of the workers are women in those trades.

I have here, if I may present it now, a statement of 697 cases in the investigation of which I have assisted during the last 6 months. I happen to be a member of the State Tenement House Commission, and we desired to examine as to the operations of the factory-inspection laws in the tenement houses. Our investigations related to the feather workers, and the garment workers, and the flower workers. I have here [indicating] reports concerning the feather workers, the necktie workers, and the garment workers. We examined 697 cases. We found that out of 15 cases of flower workers examined, 4 of the workers' houses or apartments were in bad sanitary condition. That is, there was what was deemed to be inadequate light, or inadequate ventilation, or bad smells, or something of that kind that would tend to indicate an insanitary condition; among the necktie workers, 4 out of 41. Among the Italian garment workers, 73 out of 205 were in unsanitary condition in the borough of Manhattan. Among the Italian garment workers in the borough of Brooklyn, 10 out of 103 were in unsanitary condition. Among the Russian and Polish workers in the borough of Brooklyn, 5 out of 99; and in the borough of New York, 8 out of 113.

Then, too, regarding cases where the working rooms were used as sleeping rooms: The flower workers, 10 out of 15; in the case of the necktie workers, 12 out of 41; in the case of the Italian garment workers in the borough of Manhattan, 113 out of 205; of the Italian garment workers in the borough of Brooklyn, 33 out of 103—about 1 in 3; of the Russian and Polish garment workers in the borough of Brooklyn, 5 out of 99; of the Russian and Polish garment workers in the borough of Manhattan, 18 out of 113.

Q. (By Mr. C. J. HARRIS.) What was the cause of those insanitary conditions; the fact that they did not make enough money to procure better quarters, or in perhaps the training and bringing up in the countries from which they emigrated?—A. I have no doubt it was in a measure. You see by the statement that the evil was greater among the Italians than among the other workers. That was one of the seeming facts that we discovered; that is, in a measure it is the result of old environments, as I know from having visited Italy—in a measure the result of overcrowding. The Italian community is very much congested, more so than any other community in New York City, with the possible exception of the Jewish.

I have here a statement of the apartments where there were more than one family—apartments of three rooms. In the borough of Manhattan, the Italians, out of 205 apartments, 58 contained more than one family; and among those Italians in the borough of Brooklyn, 17 out of 103; whereas among the Jewish workers, out of 99 in the borough of Brooklyn, there were but 2 cases where there was more than one family; and in the borough of Manhattan, 3 out of 113. One of the worst evils we find among the Italian workers is their disposition to crowd more than one family into an apartment. That crowding would inevitably bring carelessness and lack of consideration and lack of ordinary neatness the overcrowding making it extremely difficult to overcome these conditions.

Q. These families that live in this insanitary way—about what wages would they earn per week?—A. The statistics which we gathered in these cases, I am inclined to think, would be of very little value, for the reason that where they were working in their homes, as in these cases—for we have not taken the shops and factories—the hours vary so much, and very often they brought in extra workers to work with them. So I do not know that a statement of the wages in these cases would be of any great value. I feel the statement of conditions is accurate; I do not think the statement regarding wages is.

Q. Why is it these apartments are in this unsanitary condition, when you have inspectors in New York to attend to that?—A. That is easily answered. A year ago the first of last September a new law came into operation in New York, requiring the licensing of all work done in tenement houses, garment making, cigar and cigarette making, etc. As a result of that, about the first of January, when the law went more seriously into operation, the department was swamped with applications; and they had handled from 12,000 to 15,000 applications, and

the factory inspector told me in his last statement that they would likely amount to more than 20,000, from the first of September a year ago to the first of the coming January, and as a result the office has been swamped with work; and the force at present in the factory inspector's office is, in my opinion, not nearly adequate for the work it has to do. I happen to be chairman of one of the subcommittees of the tenement house commission, and our investigations lead us to feel that there should be a considerably larger number of inspectors than there is at present.

Q. (By Mr. FARQUHAR.) How many inspectors have they in the Manhattan district?—A. About 23 in the Manhattan district.

Q. (By Mr. LITCHMAN.) Is this investigation you have been making in the tenement house system to be the basis of recommendations to the governor, and from him to the legislature?—A. Yes.

Q. Your conclusions have not yet been reached?—A. No.

Q. (By Mr. FARQUHAR.) Would there be any difficulty with 25 or 30 inspectors in the sweat shop district of Manhattan or of Brooklyn, in thoroughly inspecting those once a week, properly divided?—A. Not if properly divided and all giving their attention to that business. I think they could create almost a revolution. But the difficulty we find when it comes to the actual enforcement of the law, which causes an immediate protest, especially from the contractors and to a certain extent from the manufacturers outside—is that if you start to enforce this law, what you will accomplish will be not the abolition of the evil but the mere transfer of the evil from one State to the other. That is, you will accomplish what we accomplished about five years ago when we pitched into some of the sweat shops and they simply moved from New York to New Jersey.

Q. (By Mr. LITCHMAN.) Suppose you chase them into New Jersey?—A. Then they will move into Pennsylvania, probably.

Q. (By Mr. C. J. HARRIS.) They have moved from Boston to New York, have they not, to a certain extent?—A. Yes, only the law having been strictly enforced in Massachusetts, in the West the Massachusetts goods come to have a value of about 10 per cent greater than the New York goods. This higher price is paid, representatives of the trade have said to me, because it is felt that the Massachusetts goods are more likely to be made under sanitary conditions. So the enterprising Massachusetts garment maker sends to New York and has the goods made up and then brings them back and has the Massachusetts label put on and sends them out.

Q. (By Mr. CLARKE.) I do not think there are many such from Massachusetts who patronize the New York sweat shops, do you?—A. I think there are a considerable number. The Massachusetts factory inspector told me so and the New York factory inspectors and the New York garment makers tell me so; and they had a special investigation made by the Consumers' League of Boston, with a view of finding out about this.

Q. (By Mr. FARQUHAR.) How many licenses did you say were granted there?—A. Already granted about 12,000.

Q. That would show that there are at least 12,000 or 14,000 sweat shops operating in New York?—A. Yes. New York has a far larger amount of garment-making business than any other State in the Union. By contrasting the New York work with the Massachusetts work, I may say that in the State of Massachusetts during the last year, in the entire State, there were 953 licenses granted for garment-making work. In New York City—in Elizabeth street alone, a street about 8 blocks long—during the period from September 1 to January 1, there were 990 licenses granted—in that one street alone more than in the entire State of Massachusetts.

Q. (By Mr. KENNEDY.) Has the question been raised of the inspectors being derelict in work as the result of corruption or any other interests?—A. There has been a slight question of that sort raised, but nothing has been proved; and the only attempt to prove anything of that sort was a failure. The investigation did not substantiate the charges made.

Q. (By Mr. FARQUHAR.) Did not prominent newspapers make that charge?—A. It was brought in one or two papers, and the governor appointed a special commissioner, and he made a special investigation. I was a member of the special commission appointed by the governor last January to make certain other investigations. All of us made investigations regarding the New York office of the factory inspector, and we reached the conclusion that, while there might be a little greater efficiency, possibly the office was tremendously overburdened with work, and that it was not fair to blame the office with the conditions found.

Q. Have you found a willingness on the part of the officials of the city of New York to cooperate with you in advancing that inspection?—A. Yes.

Q. Have you ever asked for anything in reason from the legislature or the governor that was refused?—A. No; with the one exception that we wish the factory

inspectors were increased a little more rapidly in number; but there has been a steady increase.

Q. The last increase was made exactly up to the demands of the factory inspector at that time?—A. I believe it was; yes. The governor himself has taken so much interest in this particular department that he came to the city last spring and gave a day going with us through certain houses that had been selected, which were considered representative.

Q. (By Mr. PHILLIPS.) Of the most indifferent houses, or the better class?—A. The most indifferent.

Q. (By Mr. C. J. HARRIS.) The worst?—A. Practically the worst; yes. What he wanted to determine was what was the lowest standard under which work was performed.

Q. (By Mr. CLARKE.) Do these sweat-shop workers usually acquire property?—A. No. They live, you see, in these large five-story tenement houses, and not only do not acquire property, but do not maintain a residence very long. When making the special investigation we learned that the landlords calculated that a given apartment would be occupied on an average 10 months in the year, there was so great and constant a change among the tenants. Consequently his scale of rental was based on an occupancy for 10 months instead of 12 months.

Q. Where do they go?—A. They go to the next place. Those in the most unfortunate financial condition or the least diligent come to a certain place, and they have to make a deposit when they enter. They stay a certain number of months, and when they have made up their minds to leave, they let the rent go as long as the landlord will let it go and they economize and save and are able to pay a month's rental in advance at the next place.

Q. They go to a worse or better place generally?—A. I do not think on the average there would be a great deal of difference.

Q. You spoke a while ago of the Germans having been driven out in their turn from this business and from this region. Have they in general improved their condition and gone into some better occupation?—A. Yes; the Germans have.

Q. (By Mr. PHILLIPS.) And the Irish the same?—A. The Irish the same.

Q. That is one reason of the change—because they are moving up higher?—A. Yes; and because they have come to understand the ways and conditions of the city and to know how to find their way about—establish their independence.

Q. (By Mr. CLARKE.) Is it not your observation that the more Americanized any foreign element becomes, the harder it is to subject them to grinding conditions in any industry?—A. Yes; I should say that was unquestionably true. And the only thing I am particularly anxious to do is to promote conditions which are American, that were unknown 25 or 40 years ago and which represent the Americanism we wish to establish.

Q. Do you think the packing in together of several families in a small apartment or suite of apartments is so great an evil as it was 10 or 15 years ago?—A. The packing in of families, provided each family has an apartment, I do not think is as great an evil as it was 10 or 15 years ago for the reason that at that time the tenement house was usually a residence formerly occupied by one family, and that kind of house turned into a tenement house always has dark rooms, unsatisfactory sanitation, and other unsatisfactory arrangements.

Q. (By Mr. PHILLIPS.) The law in regard to tenement houses, their conditions, size or air space, etc.—is there not a requirement of law in regard to the construction of these tenement houses?—A. Oh, yes; there are requirements of the buildings department regarding air space and construction and requirements of the board of health regarding light.

Q. Are the landlords required to improve the condition of houses which formerly existed, or does this pertain to new houses only?—A. Largely to new houses.

Q. Does it not enter into the regulation of old houses and require proper air space and sanitary conditions?—A. In a measure, but not so effectively.

Q. (By Mr. FARQUHAR.) Do not the inspectors condemn the old and force the landlord to improve them?—A. They condemned quite a number of them 4 years ago. I think the results in the two classes of houses are fairly well indicated by the fact that on the lower west side, in these old houses with rotten woodwork and defective plumbing—the prevailing disease is typhoid or typhus; and on the east side, where the evil is lack of light, the prevailing disease is tuberculosis.

Q. (By Mr. CLARKE.) Do the children of the sweatshop workers usually follow in the footsteps or occupations of their parents?—A. To a limited extent. I think to a less extent than is desirable, barring the conditions. But that arises because of the defects in our popular education, which is too academic, and fails to provide manual training. More than 55 per cent of the children have got to earn their livelihood by their hands; and when you consider that when they leave the

public schools they are absolutely incapable of using their hands for any purpose whatsoever, you will see how defective the public school is in that particular. I have a great many children—boys and girls—sent to me by parents and others when they leave the public schools about the age of 14, and they want to see if they can get a place to work. I say, "What can you do?" And the regular answer is, "Nothing." I ask, "What do you want?" "Want to get into a store."

Q. (By Mr. PHILLIPS.) Would you care to describe the condition of some of these sweat-shop houses—sanitary conditions and otherwise?—A. Well, I do not know that I could give a fitting description that would be of any great value. I have named the evils that one would find. In the garment-making trade, take two or three houses that we visited with the governor, where we found the garments were kept in one instance in a sleeping room where the bed was occupied by a man who seemed to be in the last stages of tuberculosis. The garments were being piled up in that room, which was dark. The garments were kept there and the workers were at work in the front room. In many instances we found garments on the floor, and the floor filthy. We found the rooms dark, the ventilation bad and the gases at times coming up from defective plumbing. I saw in the Italian quarter not only instances of two families in a single apartment working, but even three families in a small apartment.

Q. There would not be sufficient air space in such a room?—A. No.

Q. Did you find anything as to vermin in such places, as well as disease?—A. Yes; a good deal of that. Vermin always abounds in these houses. The characteristics I have mentioned are those which appear generally. I do not mean in all the tenement houses, but in houses of that character.

Q. (By Mr. FARQUHAR.) What is the average time, in the 12 months, that these sweat shops are usually employed in New York?—A. On an average about 6 to 8 months. The season is rarely longer than 8 months.

Q. Is your season divided into spring work and the fall work?—A. Yes. Spring work begins about the middle of February and fall work about the first or the middle of August.

Q. (By Mr. PHILLIPS.) Have you directly traced disease to such places by the sale or handling of these goods?—A. I do not think that has ever been done in this country. In connection with our commission there is a special investigation being made of the subject of tuberculosis in the tenement houses in Germany. Such an investigation was made in England, but it was the result of two or three notable deaths.

Q. But you have reason to believe diseases of various kinds are started in this way?—A. Yes. We have a number of well-established cases where garments have been taken out of houses where disease was actively present.

Q. (By Mr. A. L. HARRIS.) What kind of garments are usually made in these sweat shops?—A. They are of all sorts. The statement has been made by others, which I can not substantiate, that there is not a garment-making establishment, from the lowest to the highest, on Fifth avenue that does not send its work into the tenement houses.

Q. If I desire a fine suit, I have no assurance it is not made in the sweat shop?—A. No; absolutely.

Q. (By Mr. PHILLIPS.) If you leave your measure with a first-class tailor on Fifth avenue, have you no assurance that they will not be made in the sweat shop?—A. No. The Consumers' League have found astonishing instances where work they knew to have been taken in these establishments turned up in the sweat shops.

Q. (By Mr. FARQUHAR.) Do you think it is possible to have a garment made in a sweat shop that bears the tailors' union label?—A. I think it is; yes.

Q. You have no knowledge, of course, of its ever having been done?—A. I have no personal knowledge.

Q. Do the custom tailors along Broadway and other prominent streets, where they use the journeymen tailor labor—and they have quite a large union in New York City—do you think any of their goods are made in sweat shops?—A. I presume some of them are; yes.

Q. (By Mr. C. J. HARRIS.) Are the rooms that these union tailors make their garments in—if not their homes—in about as filthy a condition as any of the sweat shops?—A. They may or may not be. You have no assurance whatever regarding the matter. It was for that reason that, while the manufacturers were to a large extent favorable to a law requiring the licensing of work done in tenement houses, they have been quite antagonistic to one provision of the law, namely, that every contractor, and every manufacturer, and every worker should file with the factory inspector's office a statement of the parties with whom or for whom they work—the manufacturer filing a statement of his contractors and workers, and the contractors filing a statement of their subcontractors and workers. In that

way we found we could trace the work directly to the homes, if it went there, or to the sweat shop, and trace it back.

Q. (By Mr. LITCHMAN.) Would the objection of the employer in that case be from a desire to conceal the fact that he used the sweat-shop work in the manufacture of first-class garments?—A. Yes.

Q. (By Mr. PHILLIPS.) Your system reaches but a small per cent of New York City in the work it is doing?—A. Only a small per cent directly, but (being actively interested in these general investigations) we are able to cover the field quite largely.

Q. Would it not be desirable for the State to enter on such work, to make it more universal, and make appropriations for it—the kind of work you are doing in the large cities?—A. I do not think the State could wisely make an appropriation for the general work that we are doing. I do think that the State could strengthen and improve the interests of the community, if it strengthened, say, its bureau of labor statistics and its factory inspectors' office; if it strengthened its bureau of labor statistics so as to have more regularly paid workers to go from time to time and investigate special evils which were reported to the authorities, in order that they might find out the exact facts. As a rule, of course, the excited or caustic statements made in some of the papers are mere statements, but on the other hand, the deprecatory remarks on the opposing side would be an inducement to a fair investigation of the actual facts; and it could be made by the State, as it would be impossible for the private workers to make it, because if they go into workshops their going is an impertinence, they have no right to go. The State officers can go when they wish. As to the condition of sweat shops to-day, the actual operation of the new law needs to be investigated to see what defects appear. A more extended investigation would be desirable than it has been possible for us to make.

Q. (By Mr. LITCHMAN.) Have the Jewish people any social settlements in New York City, so far as you know?—A. No; I do not know that they have. No; I think not—no settlement that could be called distinctly a Jewish settlement.

Q. You know what I mean—social settlements under Hebrew influence?—A. Yes; there is work analogous to that.

Q. Are they in any sense similar to your university settlements?—A. Yes, to a large extent.

Q. They cover the same grounds?—A. Yes.

Q. (By Mr. PHILLIPS.) You have in your State a bureau, I believe, for the purpose of giving information to the unemployed, have you not?—A. State labor bureau, yes.

Q. Do you know anything in regard to its workings? Has sufficient appropriation been given to it to do effective work along that line?—A. Why, I know something about it; it never has amounted to very much; it has amounted to very little. In order to test it I have sent a few applicants to the office, and I learn now that it has practically become a woman's employment bureau and the men need not apply.

Q. The gentleman before us this morning, from Missouri, spoke very highly of the work done there—that they had found employment for a very large number. He thought it was one of the most important works being carried forward.—A. I myself believe that there is hardly anything for which there is a greater need at the present time than an efficient labor bureau exchange. The supply and demand of labor, it seems to me, is not met to half the extent that is ordinarily supposed. Mr. Jacob Riis records having spent three days on one occasion looking for a painter. On the morning of the fourth day he picked up a paper and saw a record of a painter having committed suicide in New York because he could not find work. We got a number of cases, through charitable societies, of men able to work, and it seems to me there must be a place for them somewhere, but we can't fit them into that place without a great deal of waste effort.

Q. (By Mr. FARQUHAR.) One reading the testimony given this afternoon might think that all garment work in the city of New York was sweat-shop work.—A. They might think that a very large part of it is—distinctly more than half of it—that would be my opinion.

Q. Could you state about the amount of work that is done by what are called sweat shops, and then generally by custom tailors and the factories?—A. I can not make any statement that would be accurate, nor do I know that it is possible to make such a statement, but my own estimate would be that about four-fifths of the work is done in what we call sweat shops, by which I mean either in the private apartment or in the small shop.

Q. Men or women working 10 hours a day and earning \$10 a week—would you call them sweaters?—A. Well, yes. I should not say that that would necessarily define the sweater—the amount of wages or the number of hours.

Q. That would not make the definition?—A. It would not necessarily.

Q. What would be your definition?—A. Those conditions—the question of both hours and wages—would come in; but the kind of a shop and the general condition and the circumstances under which the work is done are also elements. The word "sweat shop," after all, is a very uncertain term. I have seen many attempts to define it, and no one is willing to tie himself down and say it is merely a question of hours and wages.

Q. In the ordinary class of goods that are manufactured can a sweater working 10 hours earn \$10 a week?—A. I should say that he could; yes.

Q. Then where there were three or four in a family, can the children average say \$3.50 up to \$7 a week additional to the \$10 earned by the head of the family?—A. It is very rare to find instances where children are working that way.

Q. But they do in private apartment houses?—A. They assist.

Q. Basting, handling, and everything of that kind?—A. Yes, some; but I do not think that is general to a very large extent. It is not a considerable evil.

Q. When you speak as you do now, and as has been done by other witnesses, abolish the sweat shops—do you think that the term can be made applicable at all?—A. Yes, I think it could.

Q. In what way?—A. Because my idea of the sweat shop is more a question of condition as its essential element than anything else.

Q. The offensive way that labor is contracted, you mean?—A. Well, yes, both condition and the offensive way in which contract labor is made. My belief is that if such a law as exists in the State of New York were thoroughly and efficiently enforced, as it is, for instance, in Massachusetts, there would be a steady reduction of the sweat-shop evil. The work tends more and more to be done in the establishment of the manufacturer, and the evils are thereby greatly lessened.

Q. Take the present sweat-shop population of New York City. There are 12,000 sweat shops there. If you elevate them 20 per cent, won't you admit into the cheaper manufacturing again 20 per cent of the unemployed that must work at cut wages?—A. Well, you would change the condition so that, under your law, efficiently enforced, you would say: We can not interfere with the question of hours and wages directly in any sense, or, perhaps, even indirectly; but we can ordain that no work in the garment-making trade shall be done except under such definite conditions. I do not see, if you elevate the standard under which that work is done, that that would necessarily drive anyone from the trade, because that work has to be done.

Q. How are you going to provide for the tens of thousands in New York and elsewhere who are willing to fill the places, and who must live some way and take the cut wages of the subcontractors?—A. I do not know that that is a problem that the garment-making trade is compelled to solve.

Q. But is it not the great market of the unemployed that keeps the wages down in New York City now?—A. If you would inquire simply as to the question of wages, I suppose it is. I should say it was the inrushing immigration.

Q. Have you any means of regulating the sweating system, other than the police law of the State of New York covering sanitary conditions?—A. Yes and no. I think the law can not regulate wages. That, certainly, I should have to admit. On the other hand, we find this, that wherever the law regulates conditions and elevates the standard, then the condition of the workers being improved, as a fact they more readily combine in their own interests; so they are able to do what the law itself can not do in respect to wages.

Q. Has there not been a gain and improvement in the garment-workers' unions possibly in the last 3 or 4 months?—A. Yes. The agency that operates, in my opinion, to bring about that result, is twofold: First, the inrushing wave of immigration, and, second, the fact that as the union can not inspect tenement-house work it never can keep trace of its members working in their homes; so that one difficulty which the union has to fight is this immigration question, and the other is the question of the law.

Q. So that the remedy really lies in the sanitary laws—to have regulation of the inspection of all sweat shops?—A. Yes; at least half the remedy. I should say.

Q. The unemployed coming in there and keeping the wages down—do you know of any law that can remedy that, or do you know of any way to remedy that by law?—A. Well, the restriction of immigration is one way.

Q. (By Mr. LITCHMAN.) The amount of labor to be done is more or less a fixed quantity?—A. I should say so, yes.

Q. The improving of the sanitary conditions by reason of inspection, etc., would not interfere with the fixed amount, so to speak, of labor to be done?—A. No. There would be an imaginable interference, but hardly an actual interference.

Q. Then by elevating the conditions under which the labor was performed you would not create a vacancy in the personnel of those that perform the labor?—A. Only a very slight vacancy.

Q. Only such as would be natural in the evolution of a trade?—A. Yes.

Q. Then the question of the recruiting of the ranks of labor employed in that industry would be comparatively infinitesimal?—A. Yes.

Q. (By Mr. FARQUHAR.) Under the best arrangements the State of New York through its laws could make for the regulation of these sweat shops, and though these regulations from a sanitary point of view were both conducive to the health of the employees and to their betterment as far as the wages go, would it not be natural for those who are in the competitive market for these cheap goods to establish sweat shops in other territories near to New York, where they are not under the New York law, so that the sweaters themselves would not in the long run be benefited?—A. I think we look far enough to see that there is that danger, and yet at the same time when we raise that question I think we should turn back to the State of Massachusetts and see that Massachusetts, as the result of its law and its strict standard, has still been able to maintain its position in the market, because, as I stated a few moments ago, the knowledge of its higher standard has made its goods in greater demand, so that so far as that is concerned there has been a compensative advantage. On the other hand, in so far as the very large trade of New York is concerned, undoubtedly there would be a certain loss and a certain passage of the sweat-shop business into another State. Now, then, the result of that would likely be one of two things—either the evil would be concentrated in that other State and would exist as a running sore there; or, secondly, as a result of the change we would simply add one more State to the list of those where work was done under good conditions. The fight could then be carried on in New Jersey as carried on in New York; but if it could be arranged so that each State could act in harmony through legislation on this subject, then the elevation would be uniform, and there being still a demand for that work, as there unquestionably is, the country would be benefited and nobody seriously harmed.

Q. (By Mr. KENNEDY.) There seems to be some fear that this evil can not be confined to the State of New York—will be driven elsewhere. I would like to ask if you do not believe that public sentiment and the law would cure this evil in the State of New York as it is practically cured everywhere?—A. No; I do not.

Q. Would it not go a long way toward doing it?—A. I do not know; I do not know how many sweaters would go over to New Jersey.

Q. Would not the public sentiment that would chase it out of New York be very apt to chase it elsewhere?—A. It would be a step of progress, undoubtedly.

Q. If you had this evil to combat in a New England city, or in the State of Ohio, or in Indiana, wouldn't you be much more hopeful of accomplishing your purpose than you are in the State of New York?—A. To be sure.

Q. (By Mr. LITCHMAN.) If you succeeded in reaching this evil in New York City it would be the result of combined forces, uniting in what may be called a properly educated public sentiment against the evils complained of?—A. Yes; I think so.

Q. If thereby the evil should be cured so far as New York is concerned, and it is driven into another State, could not that same healthy public sentiment be created in that State to suppress the evil there?—A. It might; but I emphasize this danger, for the reason that as soon as we get our sound laws passed in New York State the manufacturer whose trade is at least immediately affected rises up and says: "We don't care what the ultimate solution may be, but the immediate solution is injurious to us," and hence he exercises his influence either to prevent the passage of the law, or, what is sometimes more easy, to prevent its enforcement.

Q. (By Mr. FARQUHAR.) Do you find any large wholesale dealers in clothing and haberdashers' goods anxious to abolish this sweating in New York?—A. The large manufacturers all say that they are.

Q. But have they ever taken steps to go to Albany and vote for remedial legislation for that?—A. The large manufacturers favor this license law, only, as I say, they did not favor the enforcement of this condition.

Q. Is it not a fact that the cleaning-out laws in Massachusetts have driven five-eighths of the sweating business into New York from Massachusetts?—A. I dare say that is true.

Q. (By Mr. C. J. HARRIS.) I did not understand you to say that these sweat shops were an evil?—A. I intended to give that impression; that they were an evil.

Q. Do I understand you to say that you would blot these all out if you could, regardless of the hardship it might bring upon these people, and without provid-

ing them with some other means of subsistence?—A. Well, I should not feel that I had to provide another way of subsistence, because if the sweat shop, with its attendant evil under the present condition, was abolished, the garments would have to be made and the same workers would be demanded. There are many workers, for instance, who this year may work in sweat shops, and last year were working in factories; in clean, well-lighted, and wholesome work rooms, and who worked only 10 hours a day.

Q. How are you going to take the people right from Italy, or the ignorant pauper classes of any country, and make them good citizens and put them into fine factories where they are earning large wages without going through a certain apprenticeship something like this sweating system?—A. The fact remains, a very considerable number of the people who come directly from Russia, Poland, and Italy do go immediately into the factories. I have never heard any manufacturer say that he makes a test, for those who go into the factory, of length of residence and experience in the work. In proportion to the number of workers he wants he takes them indifferently, according to their skill and attention to business, whether they have been in sweat shops or not. But he says he can't continue the factory at this time under the competition of sweat shops.

Q. A great many of them work in the coal mines of Pennsylvania, and their methods of living are nearly as bad as these conditions in New York, are they not?—A. I imagine so. I have never visited the mines.

Q. (By Mr. CLARKE.) You consider that sweating is preferable to unemployment?—A. Well, I do not know that I should phrase the question exactly in those terms, because I should not admit that sweating was a necessary evil.

Q. You regard it as an unmixed evil?—A. No; I do not regard it as an unmixed evil, but I think it has an inevitable tendency to bring the worker down rather than lift him up, and deteriorates him in mind, body, and character.

Q. Granting that it may be better than unemployment, you still think it is superseded by a better system?—A. Yes.

Q. (By Mr. LITCHMAN.) You have indirectly stated that immigration was an important factor in this matter. Now, will you kindly give to the commission your ideas upon immigration and necessary legislation in relation to it in a general way?—A. Well, I will make a very brief statement on that subject, because I know there is more material on the subject of immigration than on the sweating system. The first fact I would like to notice regarding immigration is its effect on the character of the immigrants where large masses of them come over in a body, and settle in one quarter of the city. We all know, I think, that the question of the poor quarter of an American city is the question of some of our foreign races. I have not found a poor quarter of any American city which is an American quarter. Now, then, what one does notice when he comes to these foreign quarters of an American city is that the immigrants have come, say, from Russia, Germany, Poland, and Italy, and have settled in this country in a mass. They form an undigested lump. That lump, because it is a lump, is very much more slowly digested in the American life than it would be if it were more scattered. The Italians, as I stated, don't, in a large number of cases, adjust themselves to American ways at all. Among the children there is what I believe Mr. Brace noted some 20 years ago—a tendency to moral degeneration which almost always appears where large masses of people pass from one country to another. They have abandoned compulsorily a certain amount of the moral traditions of their own country, and they have not yet adjusted themselves or learned to respect the moral traditions of the new country or to know those conditions; so there is a certain relaxation of the feelings of moral obligation, and a delay for a considerable period in gaining a new hold of moral principles and moral ideas. Where we have a mass of population, as we have along the lower east side, where the Jewish people are, or on the west side, where the Italian population is, and the lower west side, where the Syrian colony is located, the work of assimilation and of Americanization goes on very slowly. Now, what we see in these localities—the problem that astonishes those of us who are workers—is the general lack of realization of the importance of the work of assimilation and Americanization. I have been accustomed to take as a figurative illustration the treatment of Alsace-Lorraine by the Germans when they annexed those districts to the German Empire. Instead of sending, as Russia did to Siberia, their inferior or degraded officials, the Germans sent their best officials, so all work of assimilation which they realized must be done with that mass of people would be done under the wisest and most intelligent administration possible. We have substantially the same problem, which arises through immigration, in this country. Large masses of foreign populations form substantially foreign colonies in our midst. In some of our quarters, for instance, the regular

holiday is Saturday and not Sunday, and garment workers, not by hundreds but thousands, work on Sunday, and the language is German or the Jewish jargon in one section and Italian in another section. Now, it would seem a wise and intelligent policy on the part of the American National Government and State governments and the city governments to imitate Germany by sending the best and strongest forces to work in those quarters of our large cities. Instead of that, what do we find now. Take the public schools as an illustration. We find that the brightest teachers as a rule seek the uptown schools. We find the best school buildings in New York are in the most comfortable quarters of the city. We find the best school equipment will be in connection with those better schools; and though you find exceptions, where teachers of the very best caliber will as a matter of personal self-denial go into the poorer quarters of the city, nevertheless you do not find any steady policy in any city I know on the part of school superintendents to send their strongest teachers and principals to these districts where the work of education is going to be carried on under the greatest difficulties, any policy to see that the very best schoolhouses are established, where the schoolhouses will be about the only clean, sanitary, and well-lighted buildings in these districts. We do not find any steady policy of seeing that those schools are supplied with the best material for work, so that the school shall be at its very best. In all the other departments of our State government this state of affairs is found. I do not reflect on the officers, because there are in each case exceptions, but as a rule the better officials operate in the better districts, and there is no systematic, intelligent, steady policy pursued of sending the best officials and pursuing the most careful work of municipal education and municipal reform in the districts where there is the least opportunity, the least privilege, and the greatest need; and the failure of our government to do this seems to me the most lamentable failure we are making with the poor at the present time. I feel that that being our policy we get a very strong emphasis of the need of restricting immigration so that we shall not receive these people in the overwhelming masses in which we are now receiving them. We apparently have received more than we can easily manage, and I will state that our poor quarters are foreign quarters, and that the question of our responsibility to strangers is not a question of a few hundreds or a few thousands merely, but in each city it is a question of a very large portion of the total population. It is fairly evident in New York and in all our large cities to-day that we have a larger amount of foreign population under our tutelage than we are capable of caring for, and that it would be very much in the interest of the general progress of our community and the improvement of civic conditions and of the welfare of those who are already here if there could be a limitation of immigration, so that, as one of the commissioners has stated here, there would not be each year a fresh avalanche thrown upon us just as we are recovering from being choked by a previous avalanche. We do not have time to get one mass adjusted and settled and arranged before the other comes in.

I have spoken of the injury done to the garment-making trade by the Jewish immigration. The Jewish population, as I find it, is a very intelligent element. It is astonishingly industrious, astonishingly ambitious for education, and during the past 10 or 15 years the work done by the people themselves to rise out of the mire into which they have been plunged has been remarkable. The trade unions become a little stronger and the general conditions have made some slight progress; but now we find the Italian community, which until within 5 years had not to any extent gone into the garment-making trade, rushing in and throwing itself on the necks of the Jewish garment workers before the Jewish garment workers have sufficiently established themselves so they can cope with the dangers and evils of this new immigration; and, as I think you will see from the statistics I have presented to you regarding the condition of the houses in which the Italians work, the Italians are going a little below the conditions established by the Jews, crowding the houses more than the Jews have done, and creating unsanitary conditions worse than those that existed where the Jewish population was working. The example and illustration of the Italian population to-day in our large cities is a striking case of the degeneration that has come into the garment-making trade, and into certain general conditions of tenement-house life, because of the too speedy rushing of another large mass.

When it comes to the question of altering the immigration laws, I do not feel that I care to make any statement. I feel that it is more strictly within my province to call attention to the condition and emphasize my own objection to the condition. I have not given special attention to the matter of restriction of immigration, and I do not care to speak on that point.

Mr. Chairman, I would like to make a very brief supplementary statement. I

would like to generalize, first, that in our poorer quarters there is a most unfortunate lack of equality or opportunity as compared with the opportunities offered to the better-conditioned classes. I have been impressed in my residence of 7 years in the lower quarter of New York City that while the material conditions are most unfortunate, and the victims of them are great sufferers, nevertheless the moral and intellectual poverty of the people is even greater than the material poverty.

There is in the poorer quarters of our cities an utter absence of privileges which help to make life enjoyable and wholesome in other quarters of the city. I have called attention to the defect of education. I should specify also the defect in the supply of lavatory privileges. I have called attention to the evils of the pawnshop and the disadvantages to which the people are subjected by the pawnshops. I might also name the general disadvantages which appear in all their commercial workshops.

We at the university settlement have our own house, and there are 10 of us living in that house. We can go to a grocer's establishment, a butcher's, or a general-supplies establishment in another part of the city and get a better grade of goods at cheaper rates than the people of our quarter can buy in their quarter, and we are therefore in better circumstances and in better condition at a less price than are the people about us—our neighbors of the district. I call attention to this fact because I want to emphasize the unfortunate condition of those whom we are trying to Americanize, and whom we owe it to ourselves to Americanize.

I would like also to call attention to the Italian community. It is said that there are from 150,000 to 200,000 in the Greater New York. I have noted the sweat shop as one evil appearing in that community. The private bank is the second evil generally known and recognized. A man establishes a small private bank; he dictates the correspondence of a certain number of immigrants whom he knows and manages their affairs for them. Suddenly some morning they find he has gone; he has left with all the deposits. That bank is a peculiar evil preying upon the Italian community. The Italian Government, I am informed, has gone so far as to ask its agents to make an investigation of that evil, and is considering the establishment of a branch of the Italian Bank in New York City. The reason the Italian Government is doing this is because a part of the Italian population sends back its money to Italy, and thereby helps to pay the taxes of the Italian Government. If the Italian Government is willing to do this in the interest of the minor part of the Italian population in this country for their own gain, it seems to me that we, in the interest of the major part, who are going to become permanent citizens of our country, have still far greater considerations at stake.

The third evil is the padrone system, the small subcontractor of labor, an evil which is so generally known that one even hesitates to name it.

I wish to call attention to those three evils. The evils spring up in this country because the people come as I have said in large masses, utterly ignorant of the conditions in our country, and subject to exploitation by every villain of their own race who is willing to take advantage of their ignorance and inexperience.

I would like to add a word in regard to the supply and demand of labor. I think many of us feel that it would be an advantage if we could in a measure divert the stream of influx into the cities back into country life and country work. I have made great attempts on different occasions to get men to go into the country, and I find as one reason why they do not go the fact that they prefer to live in the cities rather than in the country. I find another reason, which we could meet if we would, namely, a feeling that if they go into the country they are lost, and if they stay in the city they stay among friends. There are no efficient labor bureaus connecting the city and the country, so that when we have a man or men whom we want to go into the country we always find it extremely hard to get them to go, though I am perfectly sure there is probably in the right place a demand for labor. The workers know if they go into the country and then are stranded their condition is much more calamitous than it is in the city, and it is my belief that this question of the employers' bureau should be carried out to a much greater extent than it has been carried out up to date. There should be careful, well-arranged, systematic communication between the city and the country, so that the wants existing in any one part of a community may be quickly known in another part of a community, and suitable agencies in the places where there is a supply might easily communicate with the places where there is a demand. We have had a number of voluntary employment agencies in our cities, and many of them have failed. I had word last week that one of the largest private employment agencies in the city, which is philanthropic, was going to close. My impres-

sion of the cause of that closing is this, the tendency of all such employment agencies is to run down. That is, they start and say, We desire to fill places of rather high grade. If a general bureau is established the unskilled labor rushes in, and the result is that the skilled labor and the clerical class very quickly shun that employment bureau, because they think they are lowered by connection with it; and if they attach themselves to that bureau they think they give the impression that they are hopelessly and completely stranded. It seems to me that our bureaus have failed to consider the feelings of the people, and an improvement could be made if they were to guard the work of the bureau. If, for instance, in a city like ours, where we have large agencies, they would have one bureau, and one division where only unskilled labor would be handled, a second division where all classes of mercantile labor would be dealt with, and a third division where unskilled labor would be dealt with, and in that way recognize the aristocratic feeling which exists among the workers in three different grades, and which to a certain extent it is necessary for one in the upper grade to maintain if he is to have the respect of his employer and fellow-workers, the employment agency, I believe, would become a much more useful factor than it is to-day. That it is necessary to more carefully study the question of bringing the supply and demand of labor together, and of providing better agencies by which the supply and demand shall be brought together, I most strongly believe.

Q. (By Mr. CLARKE.) Have you thought how that can be done?—A. Only to the extent that I have indicated. I should say if it is going to be done by the Government in any large way, it would have to be done by the Bureau of Labor Statistics. In New York to-day we have a small employment bureau as a fifth wheel to the coach of the bureau of labor statistics, and, as I say, it becomes simply a woman's employment bureau. It is an interest of sufficient importance in itself to be an independent institution.

Q. Is it your idea that the State government should create an employment bureau and pay all the expenses of it, and that private employment agencies should be done away with, as they probably would be by that kind of competition?—A. I should not be prepared absolutely to recommend that. But I think that a State bureau of labor which would do part of the work, operating with the assistance of private bureaus of labor, and encouraging and aiding them in their work, would very much strengthen the effort that is now being made, and which at present seems to be largely a failure. I would start the State bureau largely as a bureau of information, requiring it to cooperate with all private bureaus, and then let it gradually and somewhat cautiously develop itself.

Q. (By Mr. PHILLIPS.) Are there not a number of persons running private bureaus who take money from persons seeking employment and who do not make a just or fair effort to get them employment?—A. There are a great many of those in New York City, which are purely dishonest. They have a regular arrangement, or have a certain place where labor goes, and they supply a man with a place, and then they take a fee for getting him the employment, and the man keeps the place for a week or two weeks, and then he is discharged; and the next one comes in, and so on. I have known a number of cases of that kind.

Mr. PHILLIPS. Have you any other statement that you would like to make?

The WITNESS. I have not.

(Testimony closed.)

WASHINGTON, D. C., November 17, 1900.

TESTIMONY OF MR. JOHN P. LEO,

President Builders' League of New York City.

The commission met at 10.45 a. m., Vice-Chairman Phillips presiding. At that time Mr. John P. Leo, of New York City, president of the Builders' League of New York City, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you give your name and post-office address?—A. John P. Leo, 74 West One hundred and twenty-sixth street, New York City.

Q. Are you president of the Builders' League of New York?—A. I am.

Q. What is the builders' league and when was it formed?—A. It was formed about 6 years ago, and is composed of men engaged in the building trades in New York City, a necessary qualification for membership being that the individual or firm proposed shall be an employer of labor in the building trades, of good reputation, and generally desirable in an organization of that kind.

Q. Does the league embrace men in all the building trades?—A. In all the crafts; yes.

Q. What is the membership?—A. About 300 firms and individuals.

Q. (By Mr. PHILLIPS.) About what per cent of the builders of New York are embraced in your league?—A. We have on the rolls, I should say, from 50 to 60 men who are general master builders, general contractors.

Q. What per cent of the master builders would that be of the city of New York?—A. The Builders' Club—another organization of builders—has 25 or 30 per cent, and we probably have the same number, so that between the two organizations there is probably 50 or 60 per cent.

Q. (By Mr. CLARKE.) Has there been a labor difficulty in the building trades since your league was formed?—A. They are constantly occurring. There have been many difficulties. There have been strikes, and in several cases lockouts.

Q. Is one of the purposes of your league to avoid or to speedily settle labor difficulties?—A. The reasons for its existence are contained in article 1, section 2, of the by-laws, and reads as follows: "The object of the league is to be an incorporated body under the charter of its organization, in order that it may be a body responsible to those with whom it may have business; to establish a general and good understanding on the part of its members, just and equitable principles in all business done within its limits; to acquire, preserve, and disseminate business information; to arbitrate, adjudge, and adjust all differences or misunderstandings between owners, members, and journeymen; to enhance its membership and contribute in all reasonable and legitimate ways to the success and prosperity of its members in business matters, individually and collectively."

That is the general object of the organization. Now, in regard to our dealings with the men, we have a provision providing for the appointment of what are known as stewards in the different crafts, and they are to represent to our organization the general desires and wishes of the men in that craft, these stewards to be appointed by the employers, and the men so appointed to be journeymen who are thoroughly in touch with their own members. We are sorry to say that that did not prove a success. It met with opposition from the unions. We found that the men whom we were willing to have accept—men who, by their experience or the fact of their being level-headed men, would be suitable arbitrators—we found that they would not be *personæ græte* to the organization.

Q. (By Mr. LITCHMAN.) Who appointed those stewards, please?—A. They were appointed by the organization.

Q. Your organization?—A. Yes. But that did not please the idea of the unions, although we were willing to appoint any one of a number. The idea was repugnant to them, as it would interfere with the work of the walking delegate, who was the authorized representative of the various unions.

Q. (By Mr. FARQUHAR.) Were those stewards in the character of walking delegates themselves, as far as your organization was concerned?—A. No; our proposition simply was that men who were a long time in the business, men who were old journeymen and who had been through all sorts of troubles and strikes and knew what it meant to both employer and employee—those were the men we sought. But that was not a success.

Now, you ask a question, question 5, on page 4 (referring to commission's schedule of inquiries as to relation of employers and employees), relating exclusively to organizations of employers, as follows: "What rule, or practice, if any, has your organization as to assisting its members in labor difficulties, whether by sympathetic lockouts or otherwise?" I answer: We call a general meeting, and, after full discussion, carry out the will of the majority by assisting in furnishing non-union men. Now, the latest instance of that was in the case of the journeymen plasterers. The journeymen plasterers made certain demands upon the employers, and, among others, that the men should select their own foremen. The employer had no voice beyond signing a paper prepared by the union, which asked the privilege of appointing John Blank as foreman on a piece of work. They insisted upon that, and insisted so strongly that they would strike, and did strike, on each employer's work where that paper was not signed. The application was granted by a few, but a large majority of the employing plasterers decided not to sign the paper. Our organization does business generally in the upper part of New York City. The Master Plasterers' Association have their headquarters in the lower part of the city. The custom had been, when there was a strike in that particular trade, for the men who remained at work in the upper part of the city to support the men who were on strike in the lower part of the city; so we decided to act jointly with the Master Plasterers' Association, and that was the only instance where we had what was practically a lockout. We simply said if the jobs in the lower part of the city are struck, we will take a vacation in the upper part of the city; and we did so, and in 3 days the strike was over.

There have been instances in our meetings where an individual firm would report trouble by reason of a sympathetic strike. That, as a matter of fact, is the great trouble that we have in New York City—sympathetic strikes. The trouble is not so much with the individual or with the separate organizations; but just so soon as there is a difference, oftentimes without any warning, men leave the work.

Q. (By Mr. LITCHMAN.) Is that any different from your sympathetic lockout?—A. Not at all. Of course, we were in that; it was simply a case of fighting fire with fire. But I mean that was the only instance in which we did that. The value of the weapon is undoubted; the fairness of the weapon we question very greatly. As a matter of fact we have more trouble with the plastering craft than any other of the trades. But the weapon is an unfair one and an improper one to use. One craftsman who was under a high penalty to do a certain portion of work—his men walked out. "What is the trouble?" "Delegate told us to." "What reason did he give you?" "None." "Did you ask any?" "Yes; simply stopped work." Then it would be the province of the man whose men had struck to go and hunt up Mr. Delegate and find out the reason. Perhaps some other craft had a nonunion man at work, refused to lay him off, and everybody else went out.

In answering your question 9, on page 3, which reads as follows: "9. Will you express your general opinion as to the working of joint agreements, conciliation, and arbitration, and as to the best methods of settling labor disputes?" We say: "If both employers and employees will select as arbitrators or conferees level-headed men, strikes and lockouts will be a thing of the past. We believe that, and we are willing to enter into that at any and all times. We do not believe it a good thing for State boards—we do not believe it a good thing for national boards to do; but we think that it should be something that should be impressed upon the minds of the men themselves."

One instance of injustice that I will cite is in regard to one particular craft; that is, the granite cutters of New York City and State. In 1893 a bill was passed called the Tobin law, which provides that any and all granite which is used on municipal or State work in New York shall be dressed on the place or at the place where used. Now, we suggested that that was an improper measure to remain on the books, and 2 years ago discussed it before an assembly committee. The statement was made that 700 or 800 granite cutters were interested in this particular law. The records of the Bureau of Labor Statistics, the sworn record by the secretary of the organization, showed that there were 85 members so reported as being granite cutters in New York City. And as that law stands to-day, since we have not the machinery in New York City, there is not demand enough for it to do the turning of heavy columns and that sort of thing. The use of granite is pretty well thrown out of State and municipal work. The endeavor to repeal that law brought the notice of the representatives of the Central Federated Union to the fact that we showed that it was for their benefit, on their own report of 85 men, yet it was impossible to have the bill reported providing for the repeal of that law, and it stands on the books to-day.

I have with me copies of the laws affecting labor that were proposed to the last assembly of the State of New York. These are proposed laws, and I will leave the copies with you, if you please; and they will show you the idea. What we objected to more than anything else was the form of the employers' liability law which was offered. It passed the State senate but died in the assembly. It was offered by Senator Ford. As we found the law it was unjust and unfair and would simply make a scapegoat of an employer. If the name of a man was on his pay roll and the man was hurt, it meant that the employer should pay. We offered to compromise with the men on the Massachusetts law, but that was refused. They insisted that this should go through, or none.

On advice of counsel at the time and on reading over carefully the law as it has been passed in Massachusetts, we were very glad indeed and were very willing to have that law go into effect.

Q. (By Mr. FARQUHAR.) What are your relations to the stonecutters and their union?—A. In regard to the stonecutters, there was trouble in the stonecutting trade some 3 years ago, when there was a difference between the employers and the employees which resulted in a strike. The strike lasted 10 or 11 weeks, and was finally settled by the employers giving way and paying into the treasury of the union in fines an amount which I am informed and believe was nearly \$12,000. At the present time an agreement exists between the master stonecutters and the journeymen, and both sides I believe, are living up to that agreement.

Q. It is for how many years?—A. This agreement was signed, I think, about a year ago. They had existed before that. There had been harmony for 8 or 10 years. An agreement was made each spring, but the unfortunate part of the

agreement was this, so far as the employers were concerned, that the agreement would end on the 1st of May, and the new agreement must be signed on the 1st of May. At that time the yards were generally full of work for the summer and it was hard for the employer to stop. He could not very well stop to discuss the question; it was a matter where he could simply make the best terms he could and then sign a new agreement for the year. The employers suggested that the time the agreement should end should be February, so as to allow them time to prepare for the summer's work; and that in fact brought about the trouble. As I say, the strike continued for 11 or 12 weeks and was finally settled by the Master Stone Cutters' Association giving in fully to the demands of the men, and in addition paying into the treasury of the union about \$12,000.

Q. The objection of the journeymen to the February or March agreement was simply because you intended to make the agreement under slack work, and they intended to get the advantage of the rush work?—A. Yes; that is correct. And then there was a difference as to the machine men—that is, the men who work in the yard on the various machines. There was a question as to what time the cutters would allow them to work and as to what rate they should be paid. In regard to the bricklayers, I would say that there is very little trouble with them in New York. The present rate of 55 cents an hour, which they receive according to the agreement, is a fair, honest rate. They are entitled to that, and I question very much if, in all fairness, it should not be 60 cents an hour. They do not work over 50 per cent of the time—they can not—and the average rate of wages really would amount to 30 or 35 cents an hour for a man if he could be employed all the time that he is permitted to work by the weather. Then his work is hard work, laborious, and oftentimes he takes very great risks, and he is entitled to full recompense for it.

Q. If you did give him an advance, you would provide for the advance in the contract that you would make?—A. Exactly. I would say, too, that many of us are merchant builders in New York who simply buy our property and improve it and offer it for sale, and make no objection to the increased rate to the bricklayers for the reason I have stated.

Q. (By Mr. LITCHMAN.) There is no objection on the part of your organization to an intelligent system of arbitration between the employer and the employee?—A. No; rather, we encourage it.

Q. Prefer it?—A. Prefer it by far.

Q. (By Mr. FARQUHAR.) In the bricklayers' union your means of settling disputes by agreement is something like the Boston arrangement?—A. I believe it is based on that. I know that they have an arbitration committee, and I do know that no strike is declared until after the arbitration committee declare that they can not agree; and if there is a question of wages, or time, or anything of that kind, it is usually settled by the bosses in favor of the men. The bricklayers have an intelligent, sensible agreement with the employers at the present time.

Q. (By Mr. LITCHMAN.) Do you notice any growth of sentiment in favor of such arbitration agreements in New York?—A. Yes, I do; and I notice that among the journeymen whom I have talked with on the work. But the trouble is—we will take a craft, for instance, that has 600, 700, or 800 union men. Out of that 600, 700, or 800 men you will find that, perhaps, 30 or 40 will attend the meetings, and they attend every meeting. They elect the officers, and they appoint the delegates, and whenever there is any work to be given out, when work becomes scarce, that 30 or 40 are always provided with places as a reward for faithful service at meetings. And you find also that the journeyman (I will not say this is true of all the best of them, but I will say it is of a large majority of the best of them) does not go to the meetings; he simply does whatever the union dictates; he carries out the order; he must do that, and he does that; he purchases his peace at that price; he can not declare that he will not stand for so and so, though he would like to. And when he does get up down there—men who are members of our organization now and who have worked at the trades as journeymen will tell you that if a man rises and proposes to object, the language used to him is sometimes terribly shocking; he is threatened with bodily harm.

Q. Has not the custom of appointing business agents, as they are called now—they are not called walking delegates—has not the custom of appointing business agents arisen from the fact that the man appointed on a committee, in days gone by particularly, invited his discharge by reason of service on that committee?—A. I do not think so, for the reason that I know men now who were walking delegates 3, or 4, or 5 years ago.

Q. I am not speaking of that. Did not that custom come out of the fact that previous to the selection of walking delegates, a man who served on a committee directly invited his discharge by reason of that service?—A. No, I do not think

so; and if you will allow me to suggest, I think it would be better for any particular employer to have in his employ, and be persona grata to the walking delegate, the individual who was to act, because he would naturally have a man who was with him.

Q. (By Mr. FARQUHAR.) Are not the duties of a walking delegate or business agent so well defined now by the council and by the trade union itself that you know exactly how to deal with the man? His authority is limited simply by what they have given him, and he can not overstep that without instructions afterwards through the executive committee or through the body controlling him?—A. That is correct.

Q. Is it not an advantage now to have the more intelligent system of walking delegates in place of the system you had before, when it was a matter of a man's own capriciousness whether there would be a strike or a sympathetic strike in a body?—A. I do not think it is an advantage, because, in addition to the fact that he had his particular union to support him in his contention, now, by reason of the conference and by reason of the agreement and the board of walking delegates, he has the other unions as a club. That is the effect that it has.

Q. Do you not think it has been quite an advantage to the union to have these organized delegates? Would you not have such a man employed yourselves if you could find one that would be equally as advantageous to your own business as he is to the union?—A. In the same way as a foreman?

Q. Yes.—A. We employ now a foreman, but so far as the foreman's duties are concerned, why, practically the walking delegate for the union is a foreman for the men.

Q. He meets the union community there, and of course it is influenced accordingly to his own instruction?—A. Yes; undoubtedly.

Q. (By Mr. CLARKE.) But your foreman does not have anything to do with another man's work, does he?—A. No; he has that particular job that he has, whereas the walking delegate is a free lance and a free agent, who goes from one job to another. I will tell you an instance, and not an uncommon one, in regard to an action of a walking delegate. He will go on a job and ask to see the card of many of the men. Some poor fellow will be out of work, perhaps, and behind on his card. Although the man would promise and say, "I will promise to pay on Saturday night as soon as I receive my pay," out he goes. It is rather a hardship; he has no opportunity. Perhaps the delegate will say, "We have a man who has paid his dues, and we do not want a fellow who has got no money," and out the fellow must go unless he pays a fine.

Q. (By Mr. FARQUHAR.) In your own organization you have black sheep?—A. No; not a single one.

Q. Then you are very happy?—A. We are.

Q. Is it not a fact that you have men in your organization that are scamp workers, unfair men, underhanded in obtaining contracts, municipal and otherwise?—A. We have provisions for correcting just such an abuse by bringing a man to trial.

Q. What is the difference between your discipline and the unions', when you apply it?—A. The difference is this: We will always give a man a fair chance for hearing, and we will give a man a chance to make good. But the union, and the delegate in the case that I have stated—it is simply a case with him to stop work because the man has been unfortunate. If our member is unfortunate, we would rather help him than crowd him; but in the other case, if he is unfortunate he must be still more unfortunate, because his means of livelihood must be cut off and his means of paying off the amount that he owes. That is the difference.

Q. (By Mr. CLARKE.) I would like to ask the question whether these various unions have a building trades council in New York?—A. Yes; the unions have.

Q. Do you have any dealings with the council, or are your dealings with the unions direct?—A. Direct. We do not deal with the council. As an organization we do not deal with the unions, but the members. Our organization being a peculiar one, combining all the crafts, the men who are members of our organization in nine cases out of ten are members of the masters' organizations, and they deal with the unions of the men.

Q. (By Mr. LITCHMAN.) Have you given any attention to the question of so-called compulsory arbitration?—A. None, except in a general way.

Q. Could you give any expression of opinion in relation to it?—A. No; I would rather not express an opinion beyond the general one that if there were some provision of law, if you please, under which the unions and the employers' organizations would settle questions by arbitration rather than by force, it would be a thousand times better for the men and a thousand times better for the employers.

There was one question you asked [reading]: "No. 11. What is the practice of the labor organizations as to uniformity of wages? Are members allowed to

receive more or less than the union scale?" I said, "Never less than the union scale, and generally as much as possible." I will qualify that by saying that in the plasterers' organization they will not permit a man to receive more than the standard rate of wages. That is a peculiar state of affairs, but it is a fact nevertheless. If it is found that an employing plasterer has given a man his envelope for 6 days' work containing more than \$27, the man must explain to his union why that is, and he is looked upon with the gravest suspicion. That is a fact. That is the only instance that I know of where that is objected to.

Q. (By Mr. KENNEDY.) I should like to ask a question in regard to the employers' liability act. I have read the Massachusetts act, and I find that the employer is responsible for any injury that may occur to the employee by reason of negligence on his part, or any one of his employees, and the employee may recover the sum of \$5,000, or his heirs, or his representatives; and that it does not apply to farm labor and domestic service. I would like to ask wherein the proposed law of New York differed from the Massachusetts law.—A. I can show that very readily. In the first place, there is an unlimited liability.

Q. There is a limit in the Massachusetts law of 30 days, I believe.—A. Yes; and there is a limit in amount in the Massachusetts law.

Q. Five thousand dollars?—A. Yes. In the law as proposed by Senator Ford there was absolutely no limit. The theory of this law was simply that you could set up no protection; you could make no contract by which you could pay an extra amount to a man by reason of unusual risks, for which he would accept those risks; you could not make any such contract with him. I think under the Massachusetts law that would be permitted, but under this it is absolutely forbidden. If there was a particular risk in work, for which you were willing to pay more to have it done, and which must be done, that contract would be null and void if any injury occurred to the man.

Then another instance. No matter what precaution you might take, the act of a fellow-servant would render you personally liable. Now, I can bear that out by one illustration. Two years ago I was building on a piece of ground, 75 feet front, in the upper part of New York. I there had a hoisting machine to convey masons' material to the upper stories. I came to the job one morning and found that the engineer was so drunk that he could hardly stand, and how he ever, until the time I had gotten there, had run the machine, I could not understand. I discharged him at once, sent him away at once, and complained to his organization about him. Their representative came up to the work and the man came with them, and the bricklayers who were on the wall bore out the fact that not alone had he been drunk that day, but had been drunk several days while standing by the boiler. I could never have a response from the union, although I had written a courteous letter to the union calling their attention to the facts, believing it was for their benefit to know what this man was. Three days afterwards I saw him at another job running the boiler, although they sent another man to me. I mention that illustration to show that under this law if, owing to that man's negligence, he had started that machine and any person had been hurt in the upper or lower part of the building, as he was my servant and I was the employer, under this law I would have had no recourse but to pay. It was my duty to see that the man was in proper condition, although I had no jurisdiction over him. He was sent by the union, of which he was a member, the job assigned to him, and yet I was fully responsible under this law for his act, and I could not in any way justify myself or claim exemption. You will grant me, I think, gentlemen, that is hardly a fair law to put on the books.

Q. (By Mr. LITCHMAN.) Did not that law grow out of the fact that the decisions of the courts had been strained to the utmost extent on the theory of contributory negligence and negligence of fellow-servants?—A. It has so been claimed. And I would say this further, that I believe when the bill was prepared first it was to hit the railroads, and there was no intention whatever of hitting the other employers; but unfortunately they could not make a special law, and they must make a general law, and that put us all in the scorp net. We realize that a man is entitled to certain protection. We take out accident policies when we start a certain piece of work, and we protect ourselves by taking certain insurance by which the insurance company agrees to protect us in case of accident; and we encourage the men to take out accident insurance. It is hard work to get a man to do it, and yet in nine cases out of ten we are not responsible for the accidents, and in all fairness 60 per cent of the cases are due to the man's own fault. For instance, we send a man to go and build a scaffold and tell him where to find his horses and planks, and tell him to get 2-inch plank, and he will go and get 1-inch plank, although he knows it will not be strong enough, but he says he will take the chances, and there is an accident. There is plenty of scaffold there and plenty of horses, but we pay the bill. That we believe is a trifle unfair to us.

Q. (By Mr. CLARKE.) You say that 60 or 70 or 80 per cent of the cases of damage are due to a man's own negligence. About what proportion are due to the contributory negligence of employees?—A. I am inclined to think in a general way they are due to his own negligence or that of his fellow-employees. Though there are certain cases, and just cases, where men are sent to do things that they should not have been called upon to do.

Q. (By Mr. FARQUHAR.) Have you any agreement with the hoisting engineers there?—A. No; there are four or five firms in New York that control the hoisting industry, and there is an agreement between the union and the employers. This man that I spoke of, who acted in the manner that I have described, was a member of the hoisting journeymen's association.

Q. (By Mr. LITCHMAN.) Do the laws of New York, so far as you know, provide for the examination and giving of certificates to engineers?—A. Yes.

Q. The same as the Massachusetts law?—A. I think they do. That is, each person, to run a boiler, furnish power, or high-pressure system, must have a license; and that is issued by the police board after an examination of the applicant by the board.

Q. The same result as under the Massachusetts law. There it is under the inspection of the State police.—A. That is the State police, and not, as we have, municipal police.

Q. (By Mr. FARQUHAR.) In any of your strikes in New York there, have you invoked the aid of the State board of mediation and arbitration?—A. I think not.

Q. Your association never has?—A. No.

Q. As a master workman yourself, do you think that trade arbitration by the employer and the employee, of the same trade, is the proper way to arbitrate every disagreement in respect to hours and wages?—A. Yes, that is undoubtedly the best way, because they can get at the question with better understanding than any outside arbitrator. I do not think that the State board has ever helped very much. I will say that frankly. While they have worked very hard, their effort has been regarded with suspicion, and they have been accused of leaning to one side or the other; and the party against whom they decide feels, "Well, they did not understand the question." But the manner in which an adjustment can be best arrived at is by the workmen and the employers coming together on a fair, honest basis.

Q. (By Mr. CLARKE.) Have you any objection, or has your league any objection, against organized labor?—A. Not the slightest. In fact, we can not with very good grace, because we are an organization of labor ourselves.

Q. Do you find it more convenient to treat with committees rather than great masses of men?—A. Yes; and where there is a contest and they will agree to abide by the decision that is arrived at, that is the quickest way of getting at a solution. We believe that the organization of labor is a good thing, and we believe the organization of employers is a good thing.

Q. Are the unions in New York able to settle a difficulty with you, or do they have to refer the matter to the building trades council?—A. That is changed within the last 6 months. They have changed their method of doing business. The board of walking delegates has been broken up, and I believe now it is called the building trades council, a branch of the central federated union, which meets every Sunday afternoon. I believe that is the method they follow to-day.

Q. Then in case of a difficulty between a master builder, or your league, and one of the trades or unions would that union be able to end the matter if it could come to terms with you, or must the whole subject be referred to their central body?—A. Oh, they could end it themselves if they desired.

Q. (By Mr. PHILLIPS.) The remedial legislation that you propose—you will give us a copy of it?—A. We shall.

Q. You do not wish to describe it here now?—A. I would rather not here; I would rather go over it carefully, and within the next fortnight I will send it to you.

(On the same date, after the close of the testimony of Mr. Judson Lawson, Mr. Leo was recalled and testified as follows:)

There is a question as to what particular laws are passed through the exertions of the labor lobby, and which are of detriment in a general way to individuals or the city. I want to call your attention to one particular law, the prevailing rate of wages law, that was passed 2 years ago. To-day in New York State I think suits have been entered for over \$3,000,000, and judgments have been confessed by the corporation counsel of the city for very large amounts, based on that law; and remember, gentlemen, that the provisions of that law covered men who worked for wages at so much per month, gave him the opportunity to go back for the full term of his employment, and claim extra for the time he had given, in

addition to the hours provided by this law. That, I think, is the worst sample of law passed largely there by the labor lobby. In speaking of that I speak with full knowledge of the fact that the central federation retained in Albany, at the expense either of the various organizations or at their own expense, all winter long a full lobby, anywhere from 8 to 10 men.

Now, as to the question of the influence that they have upon the legislator: I have a clipping here from the Daily News, and I quote that, gentlemen, because the Daily News is recognized, and they report fully all the proceedings not alone of the federation, but also of the building trades council; and when the old board of walking delegates would meet they would report the meeting in full, and that is the only paper that did it, and we naturally look to it for reports. They reported under date of September 15, 1899, as follows [reading]:

"AFTER WILLIAMS.—STATE FEDERATION SHOWS ITS ANGER.—LISTS FOR THE VOTERS.—OFFICE SEEKERS WILL BE CLASSED AS 'FAIR AND UNFAIR.'

"ALBANY, September 15.

"The Republican party and its officeholders have fared badly at the hands of the Workingmen's State Federation. At the meeting last night attacks were made from all sides on Factory Inspector John Williams and his department. Serious charges were made by the delegates. Half a dozen representatives asserted that the factory inspector had neglected his duties; and as many of the leading trades showed that they had distinct grievances, a committee of 3 was appointed to investigate and report by memorial to the legislature. The committee consists of O'Connell, of New York, Murphy, of Buffalo, and Donnelly, of Albany.

"The discussion of the factory inspector's department was brought about by Delegate Clune, of the polishers' union, who reported a number of alleged violations of the law in his trade, and asked for a committee of metal workers to call on Mr. Williams to ascertain why complaints received no attention from him. Delegate Murphy thought there was something radically wrong in the factory inspector's department, and quoted recent decisions against labor organizations. 'We ought to have a factory inspector who represents workingmen, and not one who is controlled by corporations,' he said.

"Delegate Donnelly said that Albany unions had reported grievances to the factory inspector, but never got any satisfaction. 'Buffalo and Pennsylvania firms are openly violating the weekly-payment law in this city,' he said, 'and nothing is done about it.'

"Delegate O'Brien, of New York, told the convention that the real root of the trouble was politics. 'Politicians control the inspector and his appointees,' he said, 'and of course the corporations who control the politicians have all the protection they want.'

"It was the general opinion that Governor Roosevelt was not giving organized labor the attention that he should, and Delegate Parsons, of New York, referred to the governor as devoting his time 'to jollyng the farmers, while he left the factory inspector to jolly the workingmen.'

"The report of Chairman Hooley, of the legislative committee, which was kept at the capitol last winter, gave a special scoring to Assemblyman Samuel S. Slater, of New York, for opposition to labor interests.

"Referring to the fate of the employers' liability bill, Chairman Hooley said that the prospects of its passage at one time brought to Albany the greatest aggregation of opposing corporation lawyers ever seen at the capitol. This, he said, was the best evidence that the labor bill contemplated large benefits to the people as a whole.

"This bill was again placed in the hands of the legislative committee for early introduction.

"The railroad committee of the assembly was given the distinction of persistent antagonism to all labor bills coming before it.

"The legislative committee and the executive council are preparing two lists of legislators to be headed 'Fair' and 'Unfair.' Last year there were several confusing gradations of friends and foes. These lists will be printed and distributed to the voters throughout the State. They are to be made up from the attitude of senators and assemblymen toward the preferred measures offered by the federation.

"The federation voted unanimously in favor of public ownership and operation of the means of transportation, of telegraph and telephone systems, and of gas, electric, and water supply plants. Delegate Samuel Prince, of New York, moved that all affiliated organizations discuss the advisability of taking inde-

pendent action upon the foregoing demands as a platform, and his motion was carried.

"Secretary Curran reports 233 local unions and 28 central bodies, with a combined membership of 200,000, as now paying per capita tax to the federation. A State organizer is again to be put into the field at once.

"The next legislature will be asked to pass a law conferring on cities the power to employ labor direct on public works instead of by the contract system.

"It was resolved to ask for a law to compel all surface railway companies in the State to provide vestibules for their street cars.

"Superintendent Brockway, of the Elmira reformatory, was given a sharp criticism by the photo-engravers, and the legislature will be appealed to for a law forbidding the use of their art for any purpose in this institution.

"A resolution was adopted commending Assemblyman John J. O'Connell, of the Twenty-sixth district of New York, on his record last winter, and expressing full confidence in him."

This article is as published in the public print. It is a statement which refers to their purpose of issuing a statement of the men who favored their laws, and the men who did not, and the men who opposed the bills they have offered, regardless of the fact that they were willing to make concessions to meet certain conditions they thought more fair—regardless of that, if you opposed the measure, that was sufficient. The Democratic candidate for governor last election said that he met with just exactly that same thing. He was denounced roundly, and afterwards the federation came out and said, No; that he had been denounced unfairly, because he was in sympathy with what they did; that he had offered certain amendments, and under a cast-iron rule which they had adopted he must be classed at that time as opposed to them, because their rule provides that anybody who interfered or suggested any change was to be regarded as in opposition.

Q. (By Mr. FARQUHAR.) This law that you speak of, specifying the rate of wages—was not that a law that covered simply municipal work?—A. Oh, yes; that is all. It covered municipal employees.

Q. What particular intention was there in leaving the clause specifying the rate of wages subject to three or four constructions, as has been stated by some? Was it particularly on account of the ignorance or prejudice of the men who pushed this matter?—A. I blame it on the men who insisted upon its passage and threatened with a club any man who would suggest an amendment. There were some organizations that would not listen to an amendment—it must be passed in toto, or go on record as against it.

Q. Did some municipalities in New York directly put in their charters the wages the employee should have, working 8 hours a day, thus giving special privileges in that locality?—A. Yes; that was true.

Q. And this law aimed to make it uniform?—A. No. The intent may have been that. I do not know what the intent was. I do know what the fact was. The fact was as stated here.

Q. I want to ask about the blacklist. Two-thirds of the men who have voted for these labor laws in the State of New York have never come under the blacklist, have they?—A. Yes.

Q. Have you not members in the senate who have been there 12 or 14 years, and who have voted on these laws, who have never been blacklisted yet?—A. Yes; I think that is so. Men who would not vote to report certain bills that were offered last session and the session before in opposition to the labor lobby did go on the blacklist, and, in fact, the chairman of the board of walking delegates in New York State at that time said that he would have the scalp of the member from his own district as a punishment for having opposed this individual's views.

Q. Does not a good deal of what is called the blacklist in New York in respect to labor legislation cover the city of New York and the river counties more than the rest of the State?—A. I can only answer a question of that sort by saying that the chairman of the committee on labor and labor industry, Mr. Costello, who has been chairman of that committee 4 years, had to make a harder fight than ever for reelection this last term, because the labor organizations made a dead set to beat him in his own district. They used every effort to beat him and said he must not be returned.

(Testimony closed.)

WASHINGTON, D. C., November 15, 1900.

TESTIMONY OF MR. JUDSON LAWSON,*First Vice-President of the Builders' League of New York City.*

The commission met at 10.45 a. m., Vice-Chairman Phillips presiding. At 11.40 a. m. Mr. Judson Lawson, of New York City, first vice-president of the Builders' League of New York City, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Judson Lawson, 898 West End avenue, New York City.

Q. What is your occupation?—A. Builder.

Q. Do you hold any office in the Builders' League of New York?—A. First vice-president.

Q. Have you been a member of the New York assembly?—A. In 1894 and 1895 I was a member.

Q. Were you on any committee having the consideration of labor matters?—A. I was chairman of the committee of labor and industry in 1895.

Q. You have heard the testimony of Mr. Leo this morning?—A. Yes.

Q. Do you generally indorse his statements?—A. I do; yes.

Q. Possibly you have something to add?—A. I do not see as I can add anything. Mr. Leo has covered everything fully, so far as our league is concerned. I might add that we are very much in favor of arbitration, not compulsory. I think we can always appoint our own arbitration committees and get along better in that way on the two sides.

Q. What would you say to a law that would require both sides to a labor controversy to propose arbitration and agree to it when offered?—A. How would that arbitration committee be appointed? If you could explain that, I might answer. Would that be a committee appointed by law to sit the year round, to hear evidence on both sides, or would it be a committee appointed by the different parties interested?

Q. I would say trade arbitration.—A. Trade arbitration?

Q. What would you say to a law that would subject either side to a penalty for inaugurating a strike or lockout before offering arbitration?—A. I am heartily in favor of a law of that kind. I think if we had a law like that it would save us a great deal of trouble.

Q. You recognize that the public has a large interest in labor disputes?—A. They are the heavy losers. For instance, in the last coal strike we had I consider the public was the heavy loser, and pays the advance in the price of coal. If we could prevent a thing like that, it would be a great benefit to the country at large.

Q. Are you familiar with the labor laws of New York and with the bills that have been proposed in recent years for amending those laws?—A. Ever since 1893 they have introduced scores of bills every winter. We have been going up there every winter to look after our interests and look after the bills, to see that the bad bills were beaten and the good ones passed, if possible. There is a number of vicious bills introduced every winter, which I do not carry in my mind. They had even an employers' bill there. They had other matters there which did not look much, but meant a great deal, compelling every employer of labor to furnish a suitable receptacle to lock up the mechanic's tools at night, and in the event of not furnishing such a receptacle, if the tools should be stolen, the master mechanic would be subject to a fine of \$25 and liable to imprisonment for not furnishing this receptacle. Now, to show you how ridiculous that was, you take a building in New York where there are from 20 to 25 different employers of labor; taking it from the man in the cellar that builds the stone walls to the bricklayer, and the plumber, and the hoister, there are about 25 master mechanics. That would necessitate the watching and supplying lockers on each floor, and they would need necessarily 25 or 30 boxes and 25 or 30 watchmen on just one job, which is ridiculous.

Q. What is the practice in regard to protecting tools now?—A. The practice has been heretofore that the master mechanic should furnish a room, or a suitable box, which we have generally in the street if the authorities let us put it there; but they came out at one time and would not allow us to put the box in the street, and we had no place for it. Then we generally rigged up a place in the building. But you see this law compels you to have a watchman stand there and watch this box, and if the tools were stolen you were subject to fine and imprisonment. That, of course, did not pass. We would be satisfied to amend the bill so that not every employer of labor, not the employer but the owner of the building, should fur-

nish a suitable locker and a watchman, which we do. I always have a watchman and a locker for the tools. But when they come to us and say that each employer of labor must furnish a locker and watchman, you can see it for yourselves; you will see the charges that we are put to. It goes to show what an expense it would be for the man who was putting up the building. Say you want to build a house at a cost of \$15,000, and on the house you have 10 or 15 master mechanics, and each must furnish a suitable locker and watchman to watch it; look at the expense on the man building the house. Such is the ridiculous kind of bills that we have coming before us that keeps our league continually in Albany. Two or three of us have to be there most of the time.

Q. (By Mr. FARQUHAR.) Do you know what trade initiated this bill?—A. I think it was a labor delegate from the plasterers' unions.

Q. Did the bill come to Albany through that union?—A. Through their delegate.

Q. The plasterers?—A. Yes. He was an assemblyman the last 2 years, and he introduced the bill for their organization.

Q. Did other organizations act in favor of the bill?—A. Yes; they nearly all did—all that could send representatives.

Q. (By Mr. CLARKE.) Was your amendment agreed to?—A. Yes; but the bill was finally killed in committee.

Q. Is there any protection afforded to the workmen, in respect to their tools, now in New York?—A. Yes; I think there is hardly a master mechanic that does not furnish a locker for the tools.

Q. Have they many instances of loss?—A. Yes; but we find the losses generally come through the mechanics themselves. You know we have a pretty tough lot among them. The majority are honest, decent men, but there are many who drink, and some of them, if they want a drink, are apt to slip out a fellow-workman's tools and pawn them overnight to get drink for the next day. That we have known to exist. There is seldom a common thief who will go in and steal tools. They will steal lead pipe, brass fittings, and things of that sort. Generally a mechanic will have his tools stolen at night. I have known of a man going to a building at night and saying to the watchman that he was a mechanic who worked on the building and wanted to take his tools. The watchman would take his word for it, supposing he was one of the workmen, and would let him go in. He would go and get such tools as he wanted and leave. The next day the workman would say that his tools had been stolen, and the watchman would reply that "A man came here last night and got them. I thought he was some person who worked on the building, and he took the tools away." That we can not account for, and you can not make laws to reach that. But under that law which was proposed it would hold the builder responsible.

Q. Would it not be practicable to have a system of checks?—A. I have suggested that. But in a large building, 25 or 30 stories high, with 1,000 to 1,500 men, if they waited to check their tools they would not get out until 8 o'clock, and there would soon be complaints from the union. In the morning, giving out the tools on check, they would not get them out until 10 o'clock. That would not work in the big building, though it might in small buildings where there were only a few men. You see, no matter what you try to do in the way of labor laws you run up against something that is kind of wrong to both sides.

Q. (By Mr. PHILLIPS.) Have you had much experience in the way of conciliation or arbitration in connection with your trade or business?—A. No; I do not think I ever have had any. I have been very fortunate—have had very little trouble. Once, when I was running for the assembly in 1895, there was a labor strike created on my buildings, and they went into the campaign to defeat me on that ground. I could not control it. I had given out the contract to a carpenter, and for some reason the unions got into trouble with the carpenter. They said he had a nonunion man at work and they went in and took out every man on the building. Then they came to me and said, "You must force this contractor to discharge this man and let the rest of the men come back." I said, "I have no right to. He has a contract with me. I can not force him to discharge his men." They said, "We will take the stump against you and defeat you in the campaign." But, unfortunately, they made a mistake, because I got three times as many votes as the year before.

Q. Has your league had experience in the way of conciliation or arbitration?—A. I think we have once or twice. We have sent committees to arbitrate, which have been very successful. I think that is the right way to dispose of labor strikes. In arbitration you can generally get something out of it, unless you have a man on one side or the other that does not want to do what is fair.

Q. (By Mr. FARQUHAR.) What is your opinion of the labor laws in New York now—do you think they are fair both to the employer and employee?—A. Well,

so far as I have met with them they have been fair enough with me, because I have had no trouble with them. Of course, if they get these measures on that they are trying to, it will be very unfair, especially the employers' liability law. It is outrageously unfair. Of course you can not interfere; they have a right to pass such laws as they choose.

Q. (By Mr. CLARKE.) Let me inquire whether there has been any attempt in New York to hold meetings of conference between the employers and the employees with reference to proposed legislation?—A. I do not know of any. If they would have a conference of that kind, I think we could get together and get the right kind of laws.

Q. Do you think it would be a good thing to attempt?—A. Yes, because when we go up and show them how ridiculous the measures are they sometimes say, "Yes; we did not see it in that light," and they are willing to amend it. For instance, they wanted the employer of labor to furnish lockers and watchmen, and when we pointed out to them the objections they said, "That is all right." Take a man putting up a little frame house and having to have 20 watchmen, it is rather expensive.

Q. (By Mr. PHILLIPS.) Would it not be well to inaugurate such a meeting before the legislature meets?—A. Yes, assuming it could be done.

Q. Would it be practicable to do it? Could not your association make a move in that direction?—A. We might make the move, but I think on the other side they would think we were trying to get the better of them. We would be glad to do anything of that kind, because I know we would save a good many measures from being introduced. They bring them up there regardless of what they are.

Q. You would be in better shape to inaugurate such a movement now, since your organization, than you could before?—A. Yes.

Q. (By Mr. CLARKE.) Do you not think such a preliminary conference could be provided for by law under the rules of the general assembly?—A. Yes. I wish you gentlemen would recommend something of the kind whereby we could adopt it. I know our league would willingly take part in anything of the sort. It would save us money and time.

(Testimony closed.)

WASHINGTON, D. C., November 15, 1900.

TESTIMONY OF MR. LEWIS HARDING,

Carpenter and general contractor; New York City.

The commission met at 10.45 a. m., Vice-Chairman Phillips presiding. At 11.52 a. m. Mr. Lewis Harding was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please state your name and post-office address.—A. Lewis Harding; 118 East Thirteenth street, New York City.

Q. What is your occupation?—A. I am a carpenter and general contractor.

Q. Are you an officer of the builders' league of New York?—A. I am one of the board of managers.

Q. You have heard the testimony of Mr. Leo and Mr. Lawson?—A. Yes.

Q. Do you indorse their statements?—A. I do, almost entirely. There are some particulars that I would think might be changed just a little. For instance, the chairman asked the percentage of the general builders in the builders' league. The answer was 25 to 30 per cent, but that 25 to 30 per cent probably do 60 per cent of the work of New York City. There are a great number of builders, but the large percentage of the work is done by a few, and the majority of this few are in the builders' league and also in the building trades club.

Q. (By Mr. PHILLIPS.) The intent of the question was to know what per cent of the building was represented—not the number of individuals.—A. I would think at least 75 per cent.

Q. Of the whole city of New York?—A. Yes.

Q. Is the building trades club an organization similar to your league?—A. It is similar; yes. To be eligible to membership in the building trades club you must be an employer of labor in New York City, and they join as individuals. For instance, a firm may have one of its members as a member of the building trades club without the firm being at all represented. In the builders' league, however, the membership goes to the firm, and the firm designates who shall be its representative in the league.

Q. (By Mr. CLARKE.) The purposes of the two organizations are similar?—A. Very similar, although the building trades club does not take the active interest in the building trades that the builders' league does. The builders' league takes up all questions of dispute between employers and employees. If one of the trade organizations has trouble with its men, the league undertakes to negotiate a settlement between them, while the building trades club is more of a social organization made up of business men. It does, however, furnish headquarters for a meeting place for most of the trade organizations, and probably most of the wealthy contractors in New York City are members of the building trades club, while the builders' league is a much more active organization.

Q. Do some men belong to both?—A. A number do. I am a member of both.

Q. Are they rivals in any sense?—A. No; not as a general thing.

Q. Do they ever cooperate?—A. They often do in legislative matters at Albany. The building trades club, together with the masons and builders' association, the master carpenters' association, the master plumbers and the master steam fitters, have what is known as a joint legislative committee that goes to Albany and either favors or opposes any measure that is offered there that has any bearing on the building trade in the city. The builders' league have an independent committee of their own up there. They very often cooperate with each other unless their interests differ. If they do differ, of course they do not cooperate, but that is very rare.

Q. Are these committees or agents maintained at Albany throughout the session?—A. Oh, no; they are there simply to watch the different bills. The organization have copies of the bills sent to them, and if there is anything that is to our detriment or any measure that we think to the benefit of the building trades we send a committee up to Albany before the senate and assembly committees and either oppose or favor it as strikes us to be proper, but we do not have any regular representative in Albany all the time.

Q. Have you ever experienced any difficulty in obtaining suitable legislation or in preventing bad legislation on these subjects?—A. Well, we find this: When we go up to Albany, and when we speak to the representatives from our districts, they will say, "The labor element wants this bill to pass. Now, we have not very much interest in it ourselves and would like to oppose it for you, but if we do we will go on the blacklist. We have already been told that if we oppose that bill we do not get returned to the assembly." That is what we have found in Albany for the last 3 or 4 winters. We find that the labor organizations have a representative there at all times, and we find that both the assemblymen and the senators are afraid of what the effect on their next election will be through the labor organization of the State.

Q. Is it the custom of labor organizations to print and circulate a blacklist of public men?—A. I do not know so much about the circulation of them. There is no question about the fact that they are printed and handed to their members. For instance, 2 or 3 of my men, during the strike we had at the close of the summer of 1899, showed me a list of the employers who, although compelled to sign the demand that they made upon us at that time, were placed on the blacklist because we took a stand against complying with all the provisions of the demand that was made upon us and because we undertook to fight the strike. We were placed on the blacklist. I understood, only a very few weeks ago, that these names are still on the boards of the rooms in which they meet as the firms to be set upon at the first opportunity that they may get.

Q. Have the builders' league or the building trades club any similar weapon—any blacklist or any list as to men in public life who oppose their measures?—A. I think not. I do not know that we have any—certainly not as an organization. Individually we may have people that we blacklist so far as our own vote is concerned, but certainly not as an organization.

Q. Has there ever been any concerted action to defeat a man for reelection or to prevent him from being elected in the first instance?—A. I know of no organization in New York City connected with the building trades that politics enters into at all. I do not know of one building trades organization that takes any stand on either side in politics.

Q. When you say building trades do you mean employees as well as employers?—A. No; I mean employers. Of course, as to the employees I only know from hearsay. I belong to several of the employers' organizations myself and I know that politics is debarred in them all.

Q. You think, then, from your observations in the assembly that there is a great hesitation on the part of public men to make what is called an antilabor record?—A. There is no question but that is the case. They are afraid of the labor vote and they do not hesitate to say so.

Q. Is it, in your judgment, a means of defeating wise legislation and of enacting measures that are unwise and unfair?—A. Yes.

Q. (By Mr. FARQUHAR.) About what proportion of the members in either party of your legislature are blacklisted every year by the labor men?—A. It does not make any difference whether they are Republicans or Democrats, the whip is held over them just the same.

Q. Yes; but when the list is printed annually by the workmen's associations about what proportion of them are regarded as antilabor men?—A. I could not answer you intelligently. What I drew my inference from in making the remark which I did is from personal conversation with men at Albany when I have gone there at different times. I have been at Albany occasionally with Mr. Lawson and Mr. Leo, and we have been told this: "We can not favor this measure because the labor people do not want it, or we can not oppose it because the labor element want it."

Q. That would be a natural proposition anyway with a representative in Albany at any time on any bill, whether insurance, building, or anything else, would it not? Would not that be a natural reason to be given by any legislator?—A. I do not know why it should be, "Because the labor organizations want it"—why that should be the natural answer. Why not, "Because the employers want it?" I think the proper answer would be, "Because my constituents want it."

Q. Do you not think that a good deal of what you call the whip is a matter that is very often confined to local bills, and not to those which apply generally over the whole State?—A. The employers' liability bill was a matter which took in the whole State. The majority of the bills at Albany, so far as labor and capital are concerned, are bills that affect the whole State—all cities of the first class, anyway.

Q. Are you aware that the liability bill there will be over every State in the Union within 5 years?—A. I presume there will be some bill.

Q. You are aware there is a tremendous public pressure in the way of settling this some way?—A. Yes; 2 years ago, as a matter of compromise, after a strong discussion before the labor and industry committee, we agreed that we would make no opposition to having the same law in New York that they have in Massachusetts.

Q. Do you think the State of New York has as good a body of labor laws as can be found in this country?—A. I am not probably as familiar with the labor laws all over the whole country, but I certainly do not think the labor laws of the State of New York are as good as they could be. I think there could be better laws for both the men and the employers.

Q. Has not the improvement of labor laws in New York come through organization?—A. I do not think we have got an improvement in them. I think pretty near every labor law enacted in the last several years has worked a detriment to the men rather than an improvement.

Q. You would not care to specify, would you, where harm has been worked by any of the laws now in existence?—A. Yes, I will, in one particular instance that has been cited to-day—the Tobin law—that no piece of granite for municipal or State business can be finished outside of New York State. Now, there are certain pillars and columns that enter into some of our large buildings where granite can not be used because there is no machinery in the State of New York to handle them. There are very few of them used anyway, and there are very few places in the country where the granite is found that there is a plant sufficiently large enough to handle them. For that reason some other stone has to take its place. And then I heard it stated that in one addition to the museum in Central Park, New York, in one wing of that museum the extra cost of the granite, by it not being permitted to be cut outside the State of New York, was over \$100,000.

Q. (By Mr. PHILLIPS.) Have you in mind any other objectionable features about that law, aside from the finishing of the material inside the State?—A. That is all there is to it. The Tobin law is simply that all granite for municipal work must be cut and finished inside the State of New York. If there was any granite that could be put into a building to be found in the State of New York they would demand that the granite come from the State also.

Q. (By Mr. FARQUHAR.) At the time the law was passed did they ask for it for the reason that it would bring that much more labor into the State of New York?—A. I presume their object in asking it was that they might be able to entirely control the price of labor. That seems to be the unfortunate erroneous idea that the labor man has. If he thinks he can get control of the price of his day's labor he does not consider that he may drive certain trade away from New York State and consequently cut his salary down by being idle two-thirds of his time. That feature of the question he seems to lose sight of entirely. Ten years ago, and

even less than ten years ago, the great majority of the doors, sash, and blinds, and trim of all kinds that went in a building in the carpenter line was manufactured within the limits of what is known to-day as Greater New York. To-day, I venture to say, not 20 per cent of it is manufactured there, and the other 80 per cent is shipped, some as far as from Detroit, and even west of that.

Q. (By Mr. LITCHMAN.) Do you mean to say that is due to labor organizations?—A. I would say that labor organizations are the greatest factor in changing and bringing about that condition. I mean that the high price of labor in New York does not allow people to manufacture and compete with out of town concerns.

Q. Is it not due to some extent to the changed conditions under which these things are produced?—A. Somewhat; but the changed conditions are largely brought about by the increase in wages and the shortness of the hours which the mechanic works.

Q. Is it not largely due to the changed condition of employment and the specialty of manufacture?—A. The high price of labor has brought about that change of condition—has been the greatest factor in bringing about that changed condition.

Q. Is it not a fact that in almost every department of the building trade a specialty of manufacture has grown up?—A. Yes.

Q. The manufacture of sash and blinds, for instance, is a specialty of itself now?—A. No.

Q. It is not?—A. No. There are very few factories, I think, in the country that manufacture sash and blinds only. Any factory that manufactures them will also manufacture window trim and doors.

Q. The point I want to bring out is this, that there have grown up special lines of manufacturing industry in the building trade, as in the shoe trade, and as in most of the mechanical trades?—A. A special line. For instance, I can remember mills that made a specialty of manufacturing woodwork for building, and they do the same thing to-day.

Q. There was a time, of course, when the carpenter made the whole building.—A. That was before machinery came in.

Q. I want to find out how far this changed condition is due to the introduction of machinery. I understand you to say that it is due to labor organizations, and the exactions of labor organizations, that this change has been brought about; but I want to see if it is not due also to the changed conditions of production?—A. That is not what I said. I said that the mills in the vicinity of New York manufactured the greater percentage of the woodwork material that went into a building, where to-day they do not manufacture 20 per cent of it. The other 80 per cent is done outside of the State in the same kind of mill and with the same kind of machinery.

Q. How far is that due to the moving of the factory to the source of supply of the raw material?—A. Some of it may be due to that, but in very few instances do I know of a factory being moved. Two instances I know of, large trim factories, which moved from New York City, in both cases as the outcome of a strike. The factories did not feel that they could compete with the price of materials coming in from out of town—the New York Woodworking Company, which is now the Batavia Woodworking Company. It was moved as the result of the strike.

Q. (By Mr. PHILLIPS.) Where to?—A. To Batavia. Their factory was in New York City.

Q. In the same State?—A. Yes; but where labor is very much less than it is in New York.

Q. (By Mr. FARQUHAR.) Taxes are less, too, you had better say.—A. Taxes are less, too.

Q. (By Mr. LITCHMAN.) The cost of manufacture, too, is less?—A. Labor is the biggest item in the cost of manufacture in our line.

Q. (By Mr. FARQUHAR.) I would like to ask one question in respect to this granite cutting and this Tobin bill: Do you know what the position of the New England quarry owners was on that bill?—A. I do not know.

Q. Do you know or have you known, as a builder, that it is a close corporation, the whole of the granite quarries of New England?—A. No; I do not.

Q. I simply asked to know whether, as a practical builder, you had known that it had been the intention of the whole of the New England quarries both to quarry and to prepare all the granite, just as a ready-made clothing house would?—A. I know that. I do not know that there is any such agreement. I know that the majority of the granite coming into New York State for private work is prepared when it comes in.

Q. And the demand under the Tobin bill was simply that New York workmen should do that cutting?—A. On all municipal work.

Q. (By Mr. LITCHMAN.) Your idea is that was a turning aside of the ordinary course of business?—A. Yes.

Q. (By Mr. CLARKE.) You think it was uneconomical?—A. No question about that to my mind.

Q. You favor arbitration as a means of settling and avoiding labor difficulties?—A. I certainly do.

Q. Would you think favorably of a law that would subject to a penalty anybody who should inaugurate a strike or lockout without first attempting arbitration?—A. If the same law would affect the people locked out provided they stuck without asking for arbitration. I would not favor a law that would impose a penalty upon the employer, leaving the workmen with no penalty against them if they should strike.

Q. Assuming the law would be fair to both sides, you would favor the principle?—A. I certainly would. Most employers of New York City have come to that point to-day where they court arbitration in settling difficulties.

Q. (By Mr. PHILLIPS.) Frequently strikes and lockouts are inaugurated without due notice to the other party?—A. Without any notice.

Q. You would not only be in favor of notice, but would compel them to arbitrate—one or the other party?—A. Compel both parties to arbitrate; I would be in favor of that.

Q. If they did not make an effort to arbitrate they would be subject to a penalty?—A. Yes; I would favor that very much.

Q. Do you wish to supplement your statement or the statements of the gentlemen who preceded you?—A. Generally, throughout the trade, I know of nothing that I could add. I know more about the carpenters' organization than I do of the rest. I could tell you the condition of affairs that exists between them at the present time.

Mr. PHILLIPS. The commission would be glad to hear you on that question.

The WITNESS. Between the 1st and the 16th of September, in 1890, the Master Carpenters' Association, and pretty nearly every member of it, and for that matter every employing carpenter in the city of New York, received the following demand from the Journeymen Carpenters' Association: (Reading) "An agreement between the employing carpenters and builders and the Joint Carpenters' Organization of New York City. Sir: We the undersigned, representing the carpenters' organizations of New York City, hereby respectfully request your signature to this document, thereby attesting your agreement to our demands of a Saturday half holiday and 50 cents per hour. No work to be done between the hours of 12 m. and 5 p. m., on Saturdays. The half holiday to go into effect on Saturday, September 16. The wages to be \$4 per day on and after September 18, thereby making the schedule henceforward 44 hours, at 50 cents an hour, \$22 per week. Wages to be paid weekly at or before 12 o'clock on the job."

Some of us received this demand for our signatures less than 5 days previous to the time it was to go into effect. Many of us had work that we had contracted for 4 months, and some probably a year, before that time, at the old price which we were paying up until that time. Where for 48 hours, constituting a week's work, we paid \$21, or \$3.50 a day, they now demanded \$22 a week for 44 hours' work. This we thought was an unreasonable advance. Another unfair part of the agreement—we were perfectly willing, and in fact some of the employers had advocated, that the men should have a half holiday on Saturday, but we did feel that we should be permitted to work our men on Saturday between the hours of 12 and 5 if we had anything special we wanted to do, provided we paid them double time. They gave us that right on Sunday. They gave the right between the hours of 5 in the evening and 8 o'clock next morning. They gave us that right—to employ at double time if we were disposed to do so, but they told us in that agreement that between the hours of 12 and 5 no work should be done at any price. Now, these hours to some of the jobbing carpenters in the lower part of the city—the office building section—are invaluable, because after the men leave their places of business on Saturday afternoon, if there is any jobbing or alteration in the office they want made, they want the work done before they come back again on Monday morning. That part of the agreement we thought we could not stand, and we thought that they were asking a little too much increase when they asked more per week for 4 hours less than we had been paying them for 4 hours more.

We met a committee from their organization, who told our committee they had power to settle the matter, and they talked and hashed the question over for 2 or 3 days, and finally they came to an agreement whereby they agreed to work for 47 cents an hour and that this agreement should only last until the 1st of February; that is, the demand that there should be no work on Saturday between the hours

of 12 and 5. Our committee agreed to it and both sides signed the agreement, which is as follows: (Reading.)

"The counter proposition from the unions' committee which is offered as a compromise is as follows:

"Wages to be 47 cents per hour, 8 hours per day, as at present, on Saturday the men quit work at 12 o'clock m., and the committee indorse the third, fourth, fifth, and sixth lines of the employers' proposition, viz:

"Third. A committee of arbitration be appointed from both parties

"Fourth, to adjust the matter of wages, hours, and the difference

"Fifth, between city and out of town material, and any questions

"Sixth, which may arise for the following year beginning February 1, 1900.

"This proposition was unanimously agreed to after a full discussion and signed by:

"L. W. Davidson, Geo. Cavanagh, C. A. Judge, Geo. D. Gaillan, for the Joint Organizations of Carpenters. John L. Hamilton, Robert Christie, William A. Hoe, Hugh Getty, D. Mitchell, John H. Carl, for the Master Carpenters' Organization."

We asked the question if our men could return to work the next morning. They said, "Yes; we are going to have a general meeting to-night and we will issue an order to our men in the morning to go back to work." The next day we got word that this committee that came to us representing that they had power to settle the differences between the employers and the employees had no power at all; that they simply signed the agreement on their own responsibility, and that the original demand would be lived up to. Well, after a couple of weeks more of fighting, on October 4 the members of the master carpenters' organization that had not already given in signed in a body, all at once, the demands—swallowed the bait.

You see, this demand does not specify any time when the demand shall expire. It may be broken in a week, or in two weeks, or a month, or it may last for years. We agreed to live up to the demands that they set out there; but we did, however, ask them to appoint a committee of arbitration to meet a committee from us, to see if we could not arrive at some amicable understanding whereby we could have a yearly agreement with them.

They appointed a committee, and from February 15 up to August 15 we endeavored, through our arbitration committee, to arrive at some agreement. But we always met with this objection: that the unions demanded that this original demand be lived up to. Further, that they would not keep any appointment they made with us. For instance, if a date was set for a conference between our committee and theirs, the time for the conference would arrive and their committee would not put in an appearance at all. And when we wrote to the association to know why our committee had not been met, we would get notice of the meeting of another committee—a new one entirely—not the same arbitration committee that they had originally, but an entirely new committee would come with a proposition, and we would make a counter one, and they would agree for a final conference on a certain day, and when that time arrived their people would never show up again. So that on August 15 the master carpenters' association received a report from its arbitration committee, of which the following is a copy:

"New York, August 14, 1900.

"The arbitration committee of master carpenters' association would respectfully report that they have been in conference with committee of brotherhood of carpenters since February 13, and have met in committee on February 13, June 4, 11, and 15, July 9, and August 13. On February 13, matter of wages and a half a day Saturday afternoon were fully discussed. It was suggested that a committee of the brotherhood should be appointed with full power to act. In the matter of wages, it was asked that we put in writing our proposition, and on February 14 the following letter was sent:

"Mr. T. C. WALSH, *Secretary*.

"DEAR SIR: At a conference meeting, held last night, of the master carpenters' association conference committee and the committee of joint carpenters' associations, the following proposition was made for the consideration of the unions: That the wages of carpenters working in shops be \$3 per day and the wages for outside work be \$3.75 per day; and that, in the interest of harmony between employers and employees, we suggest the appointment of a committee of conference by the unions, which shall have power to act with the master carpenters' conference committee for the consideration and settlement of any questions and difficulties that may arise, and the making of a yearly agreement in regard to wages, and the elimination of sympathetic strikes.

"ROBERT CHRISTIE, *Secretary*."

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"No answer was received from them, and on May 18 the following letter was sent:

"MAY 18, 1900.

"MR. B. F. FEATHERSON,
"Secretary of the District Council,
"240 East Eightieth Street, City.

"DEAR SIR: I herewith send you copy of proposition made to your body, and sent to T. C. Walsh, secretary, on February 14, 1900. We never received any answer up to May 4, 1900, and on that day we sent him again a letter, a copy of which I herewith send you. I think it will be unnecessary to express the desire of the master carpenters' association further than what is said in these two letters.

"Yours, respectfully,

ROBERT CHRISTIE, *Chairman.*

"After additional correspondence a meeting was called in conference on June 4. "A meeting of the arbitration committee was called at 8 o'clock p. m., at office of master carpenters' association, Townsend Building, corner Broadway and Twenty-fifth street, to meet committee of New York District Council of Brotherhood of Carpenters, to consult on the matter of wages, work on Saturday afternoon, etc.

"Present: Messrs. Getty, Hamilton, Mitchell, Christie, and Hoe, of arbitration committee; from council of brotherhood, Messrs. Spretar, Blatchford, Ehret, Mortensen, Bohman, and Haar.

"A general discussion was had in the matter of wages, etc., and the following was submitted by the brotherhood:

"The following are the propositions submitted by locals 476, 497, 375:

"First. That men will work for and receive in carpenters' shops 42 cents an hour as the minimum rate of wages; men on buildings and outside work to receive 50 cents an hour; and 44 hours to constitute a week's work.

"Second. Outside men not to handle or put up interior finish that has not the union label on it.

"Third. The boss builders to agree to manufacture their own or buy their interior finish from union shops and have the union label on it.

"Fourth. Cabinetmakers and the men working in so-called cabinet shops to demand a 44 hours' week and wages at a minimum rate of 42 cents an hour at the end of the year.

"Fifth. That in jobbing shops where men working inside and outside shall get outside wages.

"Sixth. This agreement to be signed by the members of the district council and a committee from the boss builders' association, and to stand good for 1 year.

"Which was received without debate.

"An adjournment was taken to June 11, at 8 p. m.

"WILLIAM A. HOE, *Secretary.*

"An adjournment was taken to June 9, when the committee met in conference and the following was offered by the committee of master carpenters:

"The wages of men working outside of shops shall be 47 cents per hour; the wages of men when working in shops shall be 39 cents per hour, minimum wages.

"An adjournment was taken to July 30, at 8 o'clock p. m. On July 27 the following was received:

"MR. W. A. HOE, *Secretary.*

"DEAR SIR: At a meeting of the district council held last evening I was instructed to notify you that it would be impossible for our committee to meet you on Monday next, but by August 13, or any date after which would be convenient to the master carpenters' association, our committee will be ready to meet your committee and come to a final understanding.

"Respectfully, yours,

"GEORGE SLATER,
"Secretary of District Council."

"And in answer the following was sent:

"MR. GEORGE SLATER,

"Secretary District Council, Brotherhood of Carpenters,
"49 South Tenth Street, Brooklyn.

"DEAR SIR: As per your request, I have called a meeting of the arbitration committee of master carpenters to meet with your committee for Monday,

August 13, at 8.30 p. m., at office of master carpenters' association, Townsend Building, Broadway and Twenty-fifth street.

"Respectfully, yours,

"WILLIAM A. HOE,
"Secretary Arbitration Committee."

"On August 13 the committee met again, and the answer from the brotherhood was that the rate of wages for outside men from \$4 per day could not be reduced, but the proposition of 39 cents per hour might be considered. This your committee would not accept, as the rate of wages now paid in mills and cabinet shops is 85 cents per hour. Your committee would recommend that no other conference shall be had with the brotherhood until such committee from the brotherhood shall have full power to act. Our time has been spent without results, as they do not feel disposed to yield any point. As at present there are 4 carpenters' associations—brotherhood of carpenters (say 4,300), lodges seceded from the brotherhood (say 1,100), the amalgamated carpenters, and the city carpenters (number we did not get)—and that all rates are being paid to carpenters from \$3 a day up. The unions are in a very demoralized state, but seem not at all willing to make any concession or to do anything for the good of the trade.

"HUGH GETTY, Chairman.

"WILLIAM A. HOE, Secretary."

After receiving this report from its arbitration committee, the master carpenters decided on August 15, 1900, that they would not hold themselves bound to live up to the agreement they had signed a year ago; that they would make the best terms with the men individually that they could. That is what they are doing at the present time.

The resolution passed by the master carpenters at this time was:

"Resolved, That it is deemed inexpedient to hold further conferences with such committees from the brotherhood until such committees have full power to act on matters under consideration.

"And, further, that notice be, and hereby is, given to the United Brotherhood of Carpenters and Joiners of America, of this city, that the circular signed by members of this organization bearing date October 4, 1899, relative to the rate of wages, etc., be, and hereby is, declared terminated and of no effect on and after August 20, 1900."

So that at the present time we can hire carpenters for whatever we can, without violating any agreement. We have terminated all agreements that we have with our men, although, as a member of the organization, I know the feeling and spirit of the organization to be that they would be willing to have an agreement—like to have some basis. Not so much to have a better feeling themselves personally with their men, but so they would be able to be on a fairer basis to compete with some of the competitors—some of the men in the same line who are outside the limit of our organization. That is the reason why we are more anxious to have an agreement with our men.

Q. (By Mr. LITCHMAN.) The fair-minded employer of labor, then, desires to deal justly with his help?—A. There is no question about that.

Q. He feels the effect of unfair competition on the part of the unscrupulous employer as much as the employee himself?—A. True. Our organization represents a membership nowhere near a majority of the employing carpenters in number, but it represents a membership that does the large percentage of the work in New York City. Now, if we had an agreement with our men that both sides would live up to, that would be just and equitable to both sides. These outside people would not have the same power they have to-day to compete with us in an unfair way.

Q. Then the organization of labor, intelligently conducted, would assist you in bringing about that condition of affairs?—A. That is right.

Q. (By Mr. CLARKE.) In view of the conditions of building in these recent years, is it not almost necessary, to enable you to estimate a job safely, that you should know a long time in advance about what your labor is going to cost?—A. That is the unfortunate part of it. We do not know. Very often that thing loses us a job. Buildings will go up in New York, and some take 18 months to complete. Our work goes on at the end, at the wind-up of the building, within the last 2 months of its completion, but we have to estimate that building probably 18 months before that, when the general contract is given out. Now, we can only use our judgment as to what wages we will have to pay when we come to put that work in the building. It may be less and it may be more. At the present time we have no agreement, every man hiring his men as cheap as he can. If we had an agreement that we would pay them so much per hour we would have to live up to it, because there would be a penalty attached if we did not.

Q. (By Mr. LITCHMAN.) Have you thought along the line of a mutual organization, where the employers and employees could come together either directly or by delegated authority?—A. I think that a delegated authority would be so unfamiliar with the subject that it could not be either an advantage to the men or to the employer, but I have thought that that would be a real good thing if there could be some law that would make the different organizations have an agreement—say a certain time in the year agree on the scale of wages and on the number of hours of work, and so on—that they could live up to, and if either party broke that it should be subject to a penalty, or if there was a controversy it should be left to arbitration. But I do not think that to go before a national or State board of arbitration would do any good. It would be like going before a judge to-day in court.

Q. My question was to see whether or no you had thought along the line of a mutual organization of employers and employed.—A. No; I do not think we could have a mutual organization.

Q. Why not? Are the interests too antagonistic?—A. I think so. I do not think it would be possible.

Q. Such an organization has existed in the past in a limited way.—A. In a very limited way. I understand the Joint Society of Mechanics and Tradesmen in New York, one of the oldest institutions, was of that nature, but that was in the remote past.

Q. (By Mr. FARQUHAR.) As you have no agreement at present, either with the brotherhood or the amalgamated association, and it is an open competition on the part of the workmen and employers, what are the benefits to your trade or to the workmen of this open competition that is on at the present time, or is it injurious?—A. I do not think to anybody who takes any large contracts for work that the benefit is very much. It is of considerable benefit to the smaller employer. It permits him, now that business is slack in the carpenter line and a very small percentage of them employed, to hire a man very much cheaper than he could honestly if he had an agreement to pay his men the regular standing rate of wages. That standard rate would be above what the majority of carpenters in New York City are getting to-day.

Q. In this open competition, does the man who puts up a building or has the building put up for him gain anything?—A. No; I do not think he does, because a man can not safely estimate. But the man who has jobbing done sometimes gets the benefit of it. In a building the contractor would hardly take the risk.

(Testimony closed.)

WASHINGTON, D. C., November 15, 1900.

TESTIMONY OF MR. DAVID BLAUSTEIN,

Superintendent Educational Alliance of New York.

The commission met at 2.10 p. m., Mr. A. L. Harris presiding. At that time Mr. David Blaustein was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please state your name and post-office address.—A. David Blaustein, No. 197 East Broadway, New York City.

Q. Have you prepared a statement, Mr. Blaustein?—A. No; I have not. I am ready to answer general questions on the topics suggested by yourselves.

Q. How long has this organization, with which you are officially connected, been in existence?—A. It has been in existence since 1891, and I have been connected with it since July, 1898.

Q. How large is it, numerically?—A. It is very large, indeed. It reaches an average of 6,000 people per day.

Q. How is the work supported?—A. It is supported by voluntary contributions, mostly by the Jewish people of the city of New York.

Q. Is this a subject of contribution in the synagogues?—A. No; it is not sectarian with the Jews. It is not even sectarian in the broadest sense of the word. While mainly supported by the Jewish people of the city of New York, and the beneficiaries are mostly Jews, still we make no distinctions; if a non-Jew applies for admission into a class or club, or wishes to draw books from our library, or wishes to attend our gymnasium, we ask no questions. In fact, we have people of all denominations; we have colored people in our classes.

Q. But your work is mostly among Hebrews?—A. Yes.

Q. Is it somewhat of a similar character to that of the college settlement in New York?—A. It is, and it is not, in so far that we really do not carry on their scientific studies; we do not experiment upon the people who come. We might do it indirectly, but it is mostly to benefit the individuals who come there that we have classes and clubs. Our work is divided into three parts, and it is according to the times. For instance, we have morning classes; these are intended for children of school age who do not attend the public school, and it is mostly for such children who have recently arrived. We sometimes have children on the second day after their arrival from Europe. We prepare them there for the public schools. As soon as they learn to speak the language and as soon as we hear that there is room in the public schools we promote them there. But our work with the children is not only to give them instruction as such, but we endeavor to exert also a moral influence over them. For instance, we look after their cleanliness; we have our barbers, whose bills are quite large every month. We send the child first to the barber. We have a bath in our institution and we see that the children get a bath as often as possible. Every Friday, in our large auditorium, we have patriotic exercises, and through the children we also reach their parents, who also are recent arrivals. We have occasional meetings for these parents, where we tell them of American life. These meetings are more of a social nature. We have also in the morning classes of children or young people who are graduates of public schools, who do not feel inclined to work in factories, but want to prepare themselves for office work, and we have commercial classes. We also have in our building a kindergarten class for children under kindergarten age who would not be admitted to the public kindergartens, and the special feature of our kindergarten classes is that we have mostly such children whose parents work, both father and mother. We also give a lunch to the children. It is a little above a nursery. We would, for instance, not take children under the age of 3, but we take children under the age of 5. We have our reading room, which is open from 9 in the morning until 10 at night. Then there is a library in the city, supported mostly by the Jewish people, called the Aguilar Free Library, and they have a branch in our building. The books and the magazines that the library has are so selected as to meet the requirements of the immigrants. For instance, we have quite a number of Hebrew books, Russian books, Yiddish books—that is, the dialect spoken by the people of the neighborhood—the American history; we have the Constitution of the United States translated in all these languages. We have books for general readers. Most of the books are for these immigrants. This is, in a general way, our morning work.

In the afternoon we have classes for children who attend the public schools, but come to us after school hours, and these begin at about 4 o'clock and last until 7, and they come for various purposes, but the largest number of children come for religious instruction. This is the only part in our institution that is sectarian. We impart to the children a religious instruction, and we accomplish a twofold end by it—the children come under the influence of religion and at the same time we also fill the gap between the rising and the passing generation. On the east side there is a great problem, and that is to make the children respect their parents. The children all speak English, the parents do not, and the children lose all respect for them. The parents have their religious views, and they have their services in accordance with their views, which do not appeal to the children. As a natural result there is a great conflict between the children and the parents. We impart religious instruction to the children with that end in view. We dwell mostly on the ethical part of religion. We do not lay stress on the ceremonial part, but at the same time we teach them to respect their traditions and to respect their parents. We make it our business to tell the children that while their parents may not know English, while they may not be familiar with American conditions, their parents have had a training at home which might correspond even to college education here. Of course it was an one-sided education, mostly Jewish Talmudic, but still their minds have been exercised and developed; also that morally they stand high. We have industrial classes for girls—sewing, millinery, dressmaking, and cooking. We have gymnasium one afternoon for the boys and the other afternoon for girls. We give to the children physical culture with some end in view—to give them what their parents did not have at home. We therefore lay great stress upon it. The Jew has, for various reasons, neglected physical culture for the past, say, thousand years, and we therefore lay great stress upon it to the children. We make it a point that the children should join our classes of physical culture.

Q. Do they take kindly to it?—A. They do. Then we have in the afternoon also literary clubs for boys and literary clubs for girls. We have a club under the auspices of the City History Association. We want to teach the children

first the history of the city of New York. We have dramatic club meetings in the afternoon; in other words, social and literary clubs. We have in our building a very large Penny Provident Bank, to teach children to be thrifty. November 1 we had as many as 18,000 depositors, little children whose deposits vary from 1 cent to 50.

Q. Is that business carried on by the society or separate?—A. We act as the agent for the Penny Provident Fund, but ours is said to be not the largest station in New York City, but one of the largest stations in New York City. This, in a general way, is our afternoon work for children. Just one more thing, very important: We have in the library reference rooms and study rooms for the children. They could not do it at home, would not have there accommodations, would have no one to help them; but in our room they are in the habit of learning their school lessons.

Q. (By Mr. PHILLIPS.) You have a number of different languages. How do you manage that in the library and also in your instruction?—A. That I will tell when I come to the evening work. I am speaking now of the children, and with the children we do the work mostly in the English language. Most of the pupils in our schools are Russians, Roumanians, Galicians, and we have teachers who speak all these languages. So when children are first introduced into American life they are taught to give the first words in their own languages, and then taught in English.

Now comes the most important part of our work, the evening work. In the evening we have the same work carried on as during the day; we have it for adults who work either in factories or in stores or in the sweat shops. And for some of them who can not come to us before 9 o'clock we have evening classes arranged to open up as late as that, and our building is open as late as 11.

Q. (By Mr. CLARKE.) Do many call as late as 9?—A. A very large number. At any given time if you will come to our building you will find not less than 1,000 people there.

Q. I believe you have not told where it is located.—A. Our building is located right in the center of the Jewish quarter, East Broadway and Jefferson street. Now, in the evening we have first classes for beginners to study English; in other words, to teach them the three R's. There a very peculiar population comes to us—some who have not had any education at home at all; others who have had an education at home and want to learn the same thing in English; others, again, who are self-made people, who have studied and never systematized their knowledge, and had not the opportunity probably at home, and come to us that we should help them in systematizing their own knowledge. We do not duplicate the public-school work. For instance, in the winter, when the public night schools are open, we do not encourage people to come to us to study the rudiments of the English language, or arithmetic, or American history; but they prefer to come to us, for the reason that we take an individual interest in them, and, besides, that our teachers are mostly themselves foreigners, but American by education. They prefer, therefore, to come to us; but still during the winter months we do not have so many classes for beginners. And we have also in the evening commercial courses: young people working in offices, in order to improve themselves, come to us to study bookkeeping, stenography, and typewriting. We have also people who come to prepare themselves for college. They work during the day in factories, and, as I said before, they are people who had some education at home and have higher ambitions, so we have classes in advanced studies. We also have general culture classes that do not lead to some particular end. But the people of the east side are very eager to know everything, and we have, therefore, classes in literature, history, economics, constitutional history, and also classes in music. There are quite a number of talented people on the east side, and we give them an opportunity to develop their talent. We have also classes in art. This we do intentionally, in order to develop that taste in the Jewish people which has been neglected by them so many centuries.

This is, in a general way, our work during the week. Saturday the building is closed for secular work. Although the Alliance is a nonsectarian institution, still we are in the Jewish midst, and the people would feel hurt were we to have classes on the Sabbath day. This day is therefore devoted to religious work. In our large hall we have services for older people. They are conducted in a conservative way: for instance, all prayers are read in Hebrew, but we have a minister who addresses the congregation in plain German, which is nearer to Yiddish, on topics of the day, which they otherwise would not have the chance probably to hear. Then they are taught decorum and order, which, unfortunately, in many of our synagogues is not to be found. In other words, the People's Synagogue—that is what it is called—while it is a synagogue in the full sense of the word nevertheless has educational value for the people.

In the afternoon we have services for the children, and the services are conducted mostly in English, and the rabbis of various congregations speak to the children, and the service is more cheerful and more progressive.

In the evening—Saturday evening—the building is thrown open for social work, and there in every room you will find people come together for recreation. No serious study is carried on Saturday night, and there we have a number of boys' clubs, a number of girls' clubs, and clubs of older people. They have debates and informal receptions. We have a military company drilling. We have our own band, giving a little concert in one of the halls. Then in the large hall there will be an entertainment. The entertainment always has in view a counteracting of the evil of the theaters of the east side. Our theaters are accessible to the people, and have by no means a moralizing influence; there are in New York City three standing Jewish theaters, and they cater, in many instances, to the lower wishes of the people and have a demoralizing effect. Our entertainments are intended to raise the tone of theatrical performances. I myself had the satisfaction of finding out from those who have been to our entertainments that they are free to say they do not care after that to go to any of the theaters in the neighborhood.

The same is the case with our Sunday work. On Sunday we do not have classes; it is mostly social work. We also publish in our institution a monthly magazine. It is conducted by the young people belonging to our clubs. It chiefly deals with affairs in the Alliance, but also problems of the east side. Our intention is to develop the responsibility of citizenship, if not with the old people, at least with the young people, and after 10 years of hard labor we have the satisfaction to see that the young people have become interested in our own work, and I know they are interested in the work of the neighborhood. We make it a feature to celebrate all legal holidays. The majority of the people residing on the east side do not know the meaning of the legal holidays, and we make a special effort to reach the older people at such celebrations. For instance, on the Sunday before election day we had a meeting in the large auditorium. We had two lectures. One was by Professor Giddings, of Columbia University. He spoke in English to the younger people on the responsibility of citizenship. They were impressed with the importance of citizenship, the duty to vote, but of course not told how to vote. Then another one spoke to the older people in Yiddish in the same way. While I am speaking of this meeting I might mention that we do not interfere with the internal affairs of our social and literary clubs. They are allowed to discuss any subject on earth. They may discuss politics; they may discuss the question of gold and silver, but they must not be personal. They may discuss the question of Tammany Hall or corporations, but they must not mention names when they hold such debates.

We also have in the summer what we call our "roof garden," when the general work is closed, and it is the greatest attraction for the people in the summer to keep our children from the streets. We have kindergartens there, and the children are instructed in quiet games. We can accommodate on our roof about 500 people at a time, and the roof is always filled from early morning until late at night. After sunset the adults begin to come, and then we have music, and stereopticon views, especially devoted to American geography. We make a great effort to acquaint the people who come to us with the resources of America. We want them to know the names of the States and the facts of the different States, and in this way we may sometimes encourage probably immigration from New York into the interior States.

Recently we have introduced a new feature in our work. We hold receptions in the building for immigrants who have recently arrived. We have no way, of course, of reaching them all, but it is pretty well known, and when they come we tell them of the differences between Russia and America. I happen to be a Russian myself, and of course I know the differences, and I find that such talks work very well. The building is in the center of that neighborhood. It is a very large building—5-story building on a corner, seen from all sides—and people go there for everything. They consider it an encyclopedia, and come for all kinds of information.

We draw a sharp line between charity and education. I may sometimes learn of a family in distress. For instance, young women want to learn dressmaking, so as to be able to support themselves, or some wish to study. They need something to live on meanwhile. When this happens I refer their cases to the United Hebrew Charities without telling the young women I have done so. I decline to speak to people about pecuniary assistance. Our main object is to teach them to help themselves, and we do not want to give them the least impression that we give pecuniary assistance; so this is the reason why we call ourselves the Educational Alliance.

Q. Most of these people are inclined to be self-helpful, are they not?—A. They are, but still some of them misunderstand. Formerly this place was called the Hebrew Institute. Four years ago it was changed from the Hebrew Institute to Educational Alliance, and that was in order to give it a more nonsectarian name. Some people of the neighborhood do not understand exactly. Some think it is a public institution; others, again, think it was endowed by Baron Hirsch, and often call it by that name. Very few know it is supported by the Hebrews of New York.

Q. (By Mr. KENNEDY.) You told what you do on the Jewish Sabbath. What do you do on the following day?—A. We have social work. If there were a demand for it we would not hesitate for a moment to have services for another denomination, but there is simply no demand for it. It might even cause a little disturbance at first if we dared to introduce it; but from our point of view we would not hesitate to do that, because we are nonsectarian.

Q. (By Mr. LITCHMAN.) Is your work simply in scope and effect the same as what are known as "social settlements"?—A. It is, and it is not, for the reason that we do not have resident workers. We open in the morning and close at a certain time in the evening. It is not a social settlement, but we do cover work the same as a settlement. Some thought we should call our place the People's University.

This, gentlemen, is in a general way our work. Now, if you care to ask me questions as to my observations I shall be glad to answer them.

Q. (By Mr. CLARKE.) First, let me ask you if you know of any similar helpful educational work in any of the countries from which these people emigrated?—A. No; I can even tell by an experience I had last summer in Europe. I myself have been in this country now 13 years, and I was last summer in Europe and met brothers of mine in Germany, and I could not explain to them what I was doing in America. They simply could not understand me, the conditions are so different.

Q. Do you find that this work is interesting your people in America? Are they eager to understand our institutions?—A. Very. The reason for it is, as soon as they come here—they are different from other immigrants—they leave Europe behind them; they burn, so to say, the bridges behind them, and they can not go back to Russia. I myself can not go back to Russia, even if I want to, because I left Russia before I was 21 years old, and have become an American citizen, which is in Russia a political crime. The Secretary of State would not promise me protection in Russia when I went back there.

Q. (By Mr. FARQUHAR.) Do you owe military service to Russia?—A. Yes; I do. It is different with the German Jew who comes to America. I think he thinks yet of Germany, and it takes quite a while before he forgets it, because he is, after all, treated as an equal in Germany. But I am speaking mostly of immigrants coming from eastern Europe, who create a problem here.

Q. Is there a feeling of love of native land in those Jews who emigrate to this country?—A. Yes; there is a love in so far as it concerns Jewish life. Even here the Jewish life is somewhat different. For instance, take a Russian, or the Galician, or the Roumanian, and they have their own centers there, and it is easy for them to observe the Jewish rites, while it is very difficult for them, indeed, here, for instance, to observe the dietary laws and keep the Sabbath. The economic conditions are so different here that it makes it difficult for them to observe it, and they feel a little at a loss at first. Of course, we have other problems. I simply explain to you what we are doing, but indirectly we touch upon a number of other things. The change of the conditions has a peculiar effect upon the minds of the people. Take, for instance, the Russian Jew who comes over to America, coming as he does from a country where he is really not allowed to think for himself, and within a short time he is transferred to a country where he is even allowed to act; the reaction is then very great. I studied the immigrants in Boston and in Providence before I came to live in New York City, and I found that reaction at first is very great. They can not for one moment associate liberty with law. That is at first the same way about religious life. Of course, at home they were so steady that they could not help being religious. They were at a material disadvantage if not religious at home. For instance, if a Jew should keep his store open on the Sabbath in a town in Russia or Poland he would be at a material disadvantage because of it. Now, when he comes to America, he finds he is at a material disadvantage if he keeps it closed. There is that difference. I shall never forget the impression it made upon me, although I lived in Germany before I came here. Take a Russian who is accustomed at home to consider Czarism to be divine; when he comes here shortly before election and reads the campaign literature and listens to stump speeches—now, you can not imagine what effect it has upon him to see how the head of the nation is put to ridicule, or caricatures are made of him. The result to him is that he loses all

respect for authority. He thinks if this is the case, if the President of the United States can be ridiculed, then there is no authority, and the result of it is, the policeman or higher officials mean nothing to him. At home he is afraid of the brass button, but here it means no authority at all. In dealing with immigrants we must bear all of this in mind.

Q. (By Mr. LITCHMAN.) How soon does the change come over the people?—A. I have studied about 10 individuals and took great interest in them. As I really was interested in their welfare. I know a young man who is now occupying a prominent position; when he first came he was anarchistic to the extreme. A few years later he became socialistic, believing in philosophic socialism, and now he is a conservative citizen.

Q. (By Mr. KENNEDY.) Has he joined a political party?—A. He has already joined a political party. He was a Bryan man during the last campaign.

Q. You spoke about believing in the divinity of Czardom. Do the Jews believe in the divinity of the Czar?—A. They are accustomed to look at it so. The religion, probably, of the Jew does not teach it, but it is the general feeling in Russia. They speak of the Czar with the greatest reverence.

Q. (By Mr. LITCHMAN.) Do you find any improvement in that condition in the immediate generation of immigrants?—A. Great. The second generation is fully Americanized.

Q. That is, similar in position and instincts and actions to the second generation of other classes?—A. Yes. Now, as I said, we do not directly touch these questions, but we will discuss social problems; and we will have lectures on the philosophy of anarchism, and the philosophy of socialism, and the young people attend those lectures. They are given in the languages the people speak and free discussion makes them change. One of our classes in our building is composed of about 200 young people, and I remember 2 years ago every one of them was radical. Recently, however, they have changed.

Q. (By Mr. CLARKE.) You mean by that they were anarchists?—A. Anarchists in theory. They were discussing free love, and did not hesitate to discuss any subject in the world; but they have changed around, and have become imbued with the spirit of patriotism and altruism.

Q. With the increasing knowledge of freedom they have increased the sense of responsibility?—A. Yes; so it is. In Russia these very same people were not allowed to express themselves, and an argument was always silenced by being imprisoned, and they therefore did not believe that the other side would ever give them a hearing; but the fact that they have a fair hearing with us changes them in the course of time. They learn to see the other side.

Q. Is there much desire among the adult immigrants to learn the English language and become acquainted with American institutions?—A. Very much. I can only say that we did not announce that we were going to have evening classes for adults early in October a year ago, but the night when the public night classes opened up our building was mobbed. There were probably 2,000 people who came and asked to be admitted to our classes, and every one of them not less than 35 years old—not one of them younger than that.

Q. Is there any noticeable improvement in habits of dress and wearing the hair and beard after a short residence in this country?—A. Yes; I think it was very wise, this requirement of 5 years before becoming a citizen of this country. I really observe that this is the case. Our records of the United Hebrew Charities show that too—very seldom do they have applicants for charity who have been in this country more than 5 years. And the people—if you see one of them on the street respectfully dressed you can be assured that he has probably been in this country 5 years. They do change radically in 5 years, so much so that there is a great deal of trouble caused if a man comes here alone first and lives for several years and becomes more or less Americanized and then brings over his family. He is already far removed, far ahead of his family, of his wife and children, and the result of it is there is a disagreement at first.

Q. (By Mr. LITCHMAN.) Would an educational qualification restrict immigration of the people of whom you are talking?—A. It would depend. That is, to read or write one language?

Q. That is, to read the same language?—A. It would never debar them.

Q. It would not?—A. It would not. It would not affect them.

Q. They can read and write in their own language, as a rule?—A. As a rule; that is, Hebrew, not Russian. They may be Russian by nationality, but they will not necessarily know the Russian language; they may neither speak nor read that language, but they will read and write Hebrew.

Q. (By Mr. CLARKE.) In what industries are most of the people who come to your institution engaged?—A. Mostly working in factories. Some of them are petty tradesmen in the neighborhood. The younger people work either in fac-

tories or in stores. The older people will be small traders of the neighborhood, peddlers, etc.

Q. In what particular line of manufactures are most of them engaged?—A.—I do not think I can give you a definite answer to that. I am studying that very same question, but I can not give you an exact answer. It varies.

Q. Are many of them in what are called sweat shops?—A. Yes. The sweat-shop people we only get on Saturday and Sunday, on the days when they rest. The shop closes on Saturday, and closes earlier on Sunday. Then we have a very large number of sweat-shop people.

Q. Are the sweat-shop people who come to your building of the poorer class of those who are industrially employed?—A. Yes.

Q. Have you had occasion to investigate their work and the conditions under which they perform it?—A. I have, to a certain extent. It might interest you to know one of the causes for the sweat shops among the Jews, and that is the strict observance of the Sabbath. When a Jew comes here and wants to go in a factory, he is at first confronted with the difficulty of the Sabbath, and he prefers, of course, remaining true to his religion to getting work; and there are some individuals who take advantage of that, and they say to these people, You want to observe the Sabbath? Yes. We will give you the opportunity. You will work for us, and you will work at home, and you will then do your work and suit your own convenience. I think this is one of the main causes why the Jews of the east side have taken to that trade. Have I made it clear about the causes why some of the Jews of the east side have taken to the sweat shop? It is because of the strict observance of the Sabbath.

Q. (By Mr. LITCHMAN.) Do I understand that the employers seek them and hold that out as an inducement?—A. Yes.

Q. Do you find that the second generation are as strict in the observance of religion as they are in the first?—A. No; they are not.

Q. Not less so, however, than the second generation of other people?—A. Yes.

Q. (By Mr. CLARKE.) Are those of the second generation willing to work in factories on the Jewish Sabbath?—A. They do.

Q. Does that lead them away from all religious interest, connection, and restraint?—A. This is quite a problem which we, by our religious classes, endeavor practically to solve. For instance, we impress upon them the importance of a day of rest, not exactly which day of the week. Just on account of their religious traditions there is a great conflict between the older and the younger generation.

Q. (By Mr. FAQUHAR.) Does not the poverty of the immigrant drive him into the sweat shop often, even more than the Sabbath?—A. You mean draws him into it?

Q. I mean drives him into it.—A. To a certain degree it does.

Q. What other employment is there open to him in the city of New York besides the sweat shop—to a Jew who comes here without a trade?—A. He will open up a little store right on the east side.

Q. I mean the poor Jews.—A. They will have a stand; peddle.

Q. But all can not peddle.—A. All can not, but the larger part do.

Q. Then what do the others do?—A. They do work. The older members of the families work in factories.

Q. Would you say that the orthodoxy or strictness of the religion was the main reason for driving them into the sweat shops, or that the poverty of the immigrants drives them into the sweat shops?—A. I should say that the Sabbath enters more into it than even the poverty.

Q. Have you examined into the condition of those people that are in the sweat shops?—A. I have.

Q. In respect to the wages they earn and the condition of their living?—A. Yes.

Q. And if the small wage earned there keeps them in that perpetual round of labor and long hours?—A. In a general way I have investigated, and I have found it is the small wages that keeps them there.

Q. (By Mr. PHILLIPS.) Were these people before they came over here engaged in the garment-making business largely?—A. No; very few of them.

Q. They learn that after they come here?—A. Yes.

Q. Are there many agriculturists who come here?—A. Very few.

Q. Of your people?—A. Very few. The Jew in Europe can not be an agriculturist.

Q. What is the chief occupation of the masses that come here—in the foreign countries, I mean?—A. Well, you take people that have a trade, say shoemakers—when they come here they can not pursue their work on account of the factory system here. The same is true of tailors at home. They may open up here little

shops, but they can not compete, just the same. You will find a great many of them have trades.

Q. What trade do they more generally take to?—A. They will be generally tailors, shoemakers, carpenters, painters. I think those would be the main ones.

Q. (By Mr. LITCHMAN). Do you mean that is the trade in the countries from which they come?—A. Their trades in their countries from which they come; but they can not compete with the factory system here; can not open up a shoe shop; can not open up even a tailor shop; have to go to work in the factory at first.

Q. By reason of the different method of doing the work?—A. Yes.

Q. (By Mr. FARQUHAR). Do they not start in the manner of mending in the shoemaking trade, and also cleaning, repairing, and everything of that kind in the tailoring trade?—A. That will apply to the people who do not want to work in the factory for a twofold reason—either it is self-respect and they do not want to fall into the line, and another is the Sabbath.

Q. (By Mr. PHILLIPS). Were not a large number of those who come small shopkeepers before they emigrated to this country?—A. Yes, they were.

Q. (By Mr. CLARKE.) Are the sweat-shop workers almost wholly Jewish?—A. I do not think they are wholly Jewish. I think that the Italians have the larger share of it. That you can see when you walk through the streets and see the people carrying the bundles. You will find more Italians than Jews.

Q. They are nominally Christians, I suppose?—A. You mean the Italians?

Q. The Italians.—A. Yes; nominally Christians.

Q. Therefore the Sunday question would not account for their being in this trade?—A. No.

Q. (By Mr. FARQUHAR.) If you have said what you want to on the sweating matter, take up the condition of the Jewish immigrants that come to New York City, and state what provisions you have there in New York to meet their wants, care for them and educate them.—A. As a rule, when one comes he will find a relative here, and the relative will take care of him—will probably give him a little something to start in life—often share rooms with him for the first few weeks or months until he settles. If the relative is not strong enough to take care of him, they have a little colony of their own either from the same country or even from the same city, and they have little societies where they assist newcomers; and that will be the case for the first 6 months or so. And if even this society will not be able to take care of the immigrant, they will then refer him to the United Hebrew Charities. The United Hebrew Charities, as a rule, do not take up cases of recent arrivals. That is the way the process is. Their first help will be some individual, and then there will be country people, and then they will go to headquarters if they can not support themselves. Now, this is also proven by the records of the United Hebrew Charities, that very seldom do they have any applicants of people who have been more than 5 years, or even those who have been more than 2 years in this country. It looks as if, after they have been here for 2 years, they manage to get along by themselves.

Q. Are any or many of the Jewish individuals or families receiving public support in New York City?—A. From the public at large?

Q. Yes.—A. Very seldom.

Q. I mean public support out of the State?—A. That is, the nonsectarian charities?

Q. Yes.—A. A very small percentage.

Q. Is it the intention of the Hebrew charities and organizations like your own to provide for the wants of the immigrant and the Jewish local population?—A. They do not deal with immigrants, as I said. Even if an immigrant goes to them for assistance they will refuse to assist; and if he should insist, they will refer him to the authorities to be sent back to Europe rather than allow him become a public charge.

Q. The main dependence of the immigrant, then, is on family relationship?—A. On family relationship.

Q. (By Mr. KENNEDY.) They would not report a Russian Jew to the authorities to be sent back to Europe?—A. Oh, yes; they do occasionally.

Q. They do?—A. Oh, yes; they do if he becomes a public charge. Say an immigrant has not been more than 6 months in the country, and he goes up to the United Hebrew Charities; they will first offer him work, and if he is not able, or they, in their opinion, think he will be a public charge, they will report him to the authorities, and he is sent back.

Q. (By Mr. PHILLIPS.) What would he do when he went back to Russia, for instance—would he be admitted?—A. He will be admitted in the same way as he left Russia; he smuggled through when he left, and he will have to smuggle through when he goes in again. They do not leave Russia in a legal way. It is difficult to leave Russia.

Q. From what country or countries do the most intelligent and thrifty Jews come to this country?—A. Mostly Russia and Roumania.

Q. They are more intelligent and more thrifty— A. (Interrupting.) Yes.

Q. Than the German and the English?—A. The German Jews—they come in such small numbers. We very seldom think of German Jews coming over to America and creating any problem.

Q. (By Mr. KENNEDY.) You classify them as Germans rather than Jews?—A. As Germans rather than Jews.

Q. (By Mr. FARQUHAR.) What impels the immigration from Europe—the governments there or the benefits they derive from immigration?—A. Mostly the laws against the Jews.

Q. Oppressive laws against the Jews?—A. Oppressive laws, yes. Now, this I studied last summer in Roumania. I went there purposely to find out the cause for the large Roumanian immigration. You have no doubt heard about it during the past summer. About 12,000 have come to America and about 50,000 are roaming around the whole of Europe. I was in Roumania in the latter part of August and the early part of September, and have seen with my own eyes the conditions there, and arrived at the conclusion that they could not exist there. For instance, they have laws there that a Jew—a Jew is called an alien. They are not allowed to make laws against the Jews, according to the Berlin treaty of 1878, but they simply call a Jew an alien, although he has lived there for centuries. I have seen a man in Bucharest, 84 years old, whose grandfather was born in Roumania and whose grandchild has served in the Roumanian army, who is nevertheless called an alien, and, although he is 84 years old, he may be expelled at any time as an alien. As an alien he is not allowed to hold public office, and public office in Roumania means even to work on the railroad as a porter, for the railroad is owned by the Government. He can not work in a telephone or telegraph office. He is not allowed to sell cigars or liquors, because it is all a monopoly of the Government. So the Jew is debarred from that. The Jew, or an alien, as they call them there, is not allowed to reside in rural districts, but is confined to the cities. How can he take to agriculture if he is not allowed to reside there? And the worst of all is that the children of aliens are not allowed to attend the public schools. I have seen in the city of Bucharest as many as 10,000 Jewish children walking the streets during school hours. Of course the Jews there try to have schools of their own, but you can imagine how they are situated. They are poor. It is not because of their own fault, but simply because of the laws; and they can not provide schools for all their children. Now, this is the cause of the Roumanian immigration.

Q. (By Mr. LITCHMAN.) How do you harmonize that statement with your previous statement that the most intelligent Jews come from Roumania?—A. This is a law which was issued since 1893. Education was given to them previous to 1893. But what will become of those children who do not attend the public schools now? I had a talk there with a Government official, and he admitted it. He said it was intentionally done. The Jews were competing with them, and so they issued the law that no aliens are entitled to public school education, and they think in this way they will be better able to compete with the Jewish intelligence.

Q. And drive them from the country?—A. Drive them from the country. As many as 50,000 left Roumania between January 1, 1900, and August 1. They were all given immigrant passports; that is, they allowed them to leave the country, never to return.

Q. (By Mr. FARQUHAR.) Did they principally immigrate to the United States or to South America?—A. They originally wanted to come to the United States, but after 117 were detained at the Barge Office in the middle of June they stopped coming to America. Oh, that frightened them. I saw that all over Europe. They wanted to go anywhere except to America then. They were afraid of the law. While it is true that 50,000 of them have left because of the conditions there, at the same time I found out that agents of steamship companies were largely responsible for that too. They circulated there a rumor that golden opportunities were waiting for them in the United States and in Canada. I even procured one of such circulars written in the Roumanian language, and I am now trying to have someone to translate it for me, in which they tell of the great opportunities in America and in Canada; and that created a great excitement in Roumania.

Q. Could not we obtain a copy of that if you succeed in translating it?—A. I have only one copy of it, and I placed it in the hands of a Roumanian to translate it.

Q. (By Mr. PHILLIPS.) Can you send this commission a copy after it is translated?—A. Yes.

Q. (By Mr. CLARKE.) What you say about the steamship companies will apply to other countries as well as Roumania?—A. You can not in Russia. You can

not circulate your circular or your visiting card without submitting it to the censor; it is impossible to do it in Russia. But in Roumania, where they have the freedom of the press, it was very easy for them to do it.

Q. Did you look into the subject of crime in Roumania so as to study whether or not the oppression of the Jewish people and their lack of liberty and opportunities drive them to crime?—A. I did, and I was pleasantly surprised to find how they held their ground in spite of all this. Of course, while the oppression there is old, yet the restrictive laws have been enforced only for the past 3 years, and no one can tell what the effect will be a few years later. But so far they have stood the test of the oppression and they have not been driven to crime. When I asked the people, "Why do you want to go to America?" the unanimous answer was, "In order to give our children an education."

Q. (By Mr. LITCHMAN.) Do you know if any other inducements were offered for that class of immigrants to come to America, other than by the steamship companies?—A. No; I do not know of any.

Q. Or by any other influence than by that of the steamship companies?—A. I was told—I was not able to ascertain whether it was so or not—that the Zionist—no doubt you have heard of the Zionist movement?

Mr. PHILLIPS. It is very small yet.

The WITNESS. Yes; and I do not think this is true; it may have had something to do with it, but from the conversations I had with the people I found it is not the case. They say that some Zionist agents were there in Roumania to stir up the people to emigration, so that the Jews of Europe should become convinced that there is no salvation for the Jew but to go back to Palestine. That has been stated, but I do not believe it myself.

Q. (By Mr. FARQUHAR.) Have you among the Jewish people much of this family-assisted immigration, by the immigrant who is here furnishing the transportation to the Jewish family at home, or part of that family?—A. Yes; to a very large extent. As a rule, one will come here—say a family in Russia or in Roumania; the older member of the family will come first, and he will come here and deny himself of all comforts and save a few dollars, and then buy a ticket on the installment plan here—they have quite a number of such offices in New York City—and he will send for one member of the family, and then when they get together here they will send for a third one. Only last Saturday night 4 young women came to my office and asked me to give them a letter testifying that they are here in America, and they also brought me testimonials from the people with whom they work that they can support themselves here and that they will be able to support their old parents, so that the authorities in Hungaria should allow their parents to pass, for during the large immigration during the summer the Hungarian Government protested against it and forced the Roumanian Government to readmit about 10,000 of those who had already left Roumania on the immigrant passports. When they came back they were not allowed to enter the country again, but the Hungarian Government forced them to readmit them. And since then a Roumanian, trying to get into Hungaria, must show that he has a ticket direct to America; and, furthermore, they also require evidence that he will not have to be sent back from America. And these 4 young women asked me to give them a letter testifying that they are in New York and that they could take care of their parents when they came here.

Q. (By Mr. KENNEDY.) Did you give the letter?—A. No; I did not. I do not want to encourage such immigration. I said they should write to their parents and their letter should be shown on the frontier there, but not an official letter from me. I told them that when their parents arrived, if they, the daughters, would go to the Barge Office and their employers would testify that they work, they would have no difficulty in landing their parents.

Q. (By Mr. LITCHMAN.) Does your association consider the moral aspect of encouraging immigration?—A. I must ask what you mean by that?

Q. I mean by that protecting an immigrant girl, for instance, from going astray immediately after landing in this country?—A. Yes; we do. We cooperate with another society in New York City. It is called the Clara De Hirsch Home for Working Girls. It is an institution intended to take girls who have no homes. If they have work, then they give them board and lodging for a small compensation. If they can not find employment, they have some work for them there. They train them for domestic service especially. And the Clara De Hirsch Home has an agent, who is also a representative of the United Hebrew Charities, in the Barge Office, and if a girl comes here without relatives he will refer that girl to the society.

Q. So that you keep a watchful care over her?—A. Yes, yes. I must say that I tried to study while I was abroad, and especially in Roumania, as I had some indirect information that it came from that country, but I have not been able to

find it out—that is, the trade with girls. I understand that there is a large trade carried on, and I have even been told that it comes from eastern Europe, and quite a number from Galicia and from Roumania; but I was not able to find it out.

Q. (By Mr. CLARKE.) Do you believe it is true that there is any such trade?—A. I do believe it, but I have no proof; it is simply an impression. That, of course, is proven by the large increase of immorality on the east side.

We have a new problem on the east side, and that is the increase of immorality. There is an increase of it, and it is an evil which is not new. It is an evil which has been imported, probably from eastern Europe, but the worst of it is that these women are to be found in the tenement houses, in the houses where there are children, and they even go so far as to make the children their agents. The children distribute cards for them, and that is having, of course, a very demoralizing influence upon the rising generation.

We have set everything in motion to suppress that evil. It is not to stop it altogether, but to purify the tenement houses. We had mass meetings where we tried to arouse public opinion, but all our efforts were of no avail; and this is due to the corruption of the police of New York City. It is very hard for us to get evidence. A person may go past a house, be solicited, and a child may hand him a card, and then when he goes to the police he gets no satisfaction.

We have a committee, at the head of which is Professor Adler, and Bishop Potter is also represented, and I myself represent the alliance, and we have meetings, and we have a special agent, a lawyer, who studies these cases, and although we have been in existence since last December we have not been able to get one case yet before a court, and we have judges on the committee; this is simply due to the corruption of the police.

Q. (By Mr. KENNEDY.) Are these women from Europe?—A. Yes; most of them.

Q. Women of the Jewish race?—A. Mixed.

Q. (By Mr. FARQUHAR.) Not one or another?—A. Not one or another.

Q. (By Mr. LITCHMAN.) Not a case in court?—A. Not a case in court. They can not bring it to an issue in court. It is true that sometimes, if we bring pressure to bear on the captain of the station, he will for a short time tell the disorderly women that they should not be so conspicuously seen on the street, but that is all. That is as far as we can bring it. We have not been able to close up one place yet.

Q. (By Mr. CLARKE.) Is it your opinion that the police levy tribute on these people?—A. That is the opinion. There is a regular system. The roundsman gets his pay. They do not give the money directly to the captain. They have saloons, and the proprietors of those saloons are the mediators between the police and the people.

Q. Have you ever gone over the heads of the captains and made complaint?—A. We have gone as far as the chief of police himself, but it was of no avail.

Q. You think he is in the conspiracy with the rest?—A. I do think so. I think there is a regular system of corruption there. Of course, this is not the only evil. This is one of the many evils of the east side. We have gambling now to a very large extent.

Q. (By Mr. KENNEDY.) Are these evils new on the east side?—A. Altogether new.

Q. How far east of the Bowery do you mean when you speak of the east side?—A. From Houston street. It is south of Houston street and east of the Bowery, going down away to the Battery.

Q. I should think those things were not something new in the region of the Bowery.—A. For instance, Allen street, which is well known for it, beginning with Houston and running into Division—I think there was not any immorality there 6 years ago—and such streets as Forsythe and Attorney street, all streets that are largely peopled by Jews. Now, this evil is new both for the Jew and for the east side. No matter what has been said in the past about the Jew, it has never been said that there was immorality among the Jews, and this is altogether a new feature with the Jews.

Q. (By Mr. CLARKE.) You do not mean to say that the evil has not existed in that part of New York until within recent years, but that it has not existed among the Jews there?—A. It has not existed among the Jews; yes.

Q. (By Mr. LITCHMAN.) Do you mean that this evil has gone into the tenement house rather than into the separate house of prostitution?—A. Yes; that is what it has.

Q. It has been driven out of the house of prostitution into the tenement house, or do both exist?—A. Both exist.

Q. And so far as your observation has gone, it is new in the tenement?—A. It is new in the tenement; that is what it is. It is new in the tenements of the east side, and it is, of course, altogether new with the Jews.

Q. (By Mr. CLARKE.) Is it generally believed by the reformatory Hebrews who are trying to elevate their race in New York that the police are corrupt, and that it is next to impossible to prosecute crime to effect?—A. The reform is not only on the side of the Jews. This is a nonsectarian movement to purify the east side, and it is the unanimous opinion that the police are responsible for it.

Q. Does such demoralization of the police have any noticeable effect upon the estimate among your people of American institutions?—A. To a very large extent. That is what I meant before in speaking of the difference between the governments abroad and the Government here. They judge of the nation as a whole from these corrupt officials.

Q. (By Mr. LITCHMAN.) Do you say that they get their ideas of the President of the United States from their experience with the tenement-house captain of police?—A. That is a great deal to say.

Q. (By Mr. KENNEDY.) Do they consider that they have bettered their conditions by coming to this country?—A. Whether they better themselves materially?

Q. Yes.—A. Yes; but if you speak with the people they will all tell you that materially they are better off, morally not. This is the unanimous opinion of the people. They regret the fact that they can not live up to their moral convictions here.

Q. You say that the Jews were not under those influences before; they did not patronize the social evil or gambling. Now, isn't it a matter that is in their own hands altogether?—A. That is also due to their views of life as they lived at home. I once spoke to an elderly man from Russia, and I said to him, "You are partially responsible for the existing conditions. Why don't you exert your influence?" He said, "This is a matter of the government." He is yet accustomed to the idea that the government must do everything—that is, the paternal form of government in Russia. It is hard for him to understand that the individual citizen is responsible and the individual citizen can improve it.

I really do not deal with economic problems directly; but I thought you might probably ask me something on immigration as a whole; for instance, about restriction. I personally do not favor the idea of restriction of immigration. As a rule, the immigrant who comes here is of an adventurous disposition, and I think that in itself is useful for the country. Take those who come here because they can not stand the oppression abroad; they bring the germ of liberty with them right here, and they are good subjects of the American nation. Immigration, it seems to me, is the food of the nation; it is the fuel of that great furnace. Of course, I have no plan to suggest; but I simply wanted to say in a general way that a system should be devised whereby the immigration should be distributed. I think the great evil is the large-city life. During the past year as many as 40,000 Jews have settled in New York City—immigrants. This is more than New York can stand, more than New York can digest. There ought to have been a system whereby they should be distributed; say, for instance, New York should take in so many immigrants every year. It should not be that all should land in New York. They should come to Philadelphia, Baltimore, Galveston—open up new ports. They should not all enter through New York City. And, furthermore, we should have probably a commission, something like a transportation and employment bureau, to be under the supervision of the Immigration Bureau. It would be contrary to the principles of the United States to dictate to a person where he should go, but still a person could be advised. After the immigrant has passed the formality of going through the Barge Office, he is left to himself. I think that as the American nation is based on humanitarian principles, and finding that immigration is important and necessary, the immigrant should be cared for. It seems that the immigrant, when he comes to America, is just like a child born into the world. The child is protected and looked after. It would not take so long for the immigrant, probably, as for the child, to learn where he is; but the immigrant should not be left to himself. For instance, I would suggest that, just as the child is expected to attend the public school until a certain age, so should every immigrant, if he had no education abroad, be expected to attend the night schools, and probably that no naturalization paper should be given to an immigrant unless he presents a certificate that he has either attended school in Europe or has been to a night school, and that he has really become acquainted with American institutions. The examination that they have to pass when they take out their papers is a farce as far as I have seen it. But the standard of the naturalization should be raised; it should be difficult to become naturalized. The test should be familiarity with American ideas.

Q. (By Mr. KENNEDY.) Wouldn't it be very difficult in the case of men 45 or 50 years of age to acquire this knowledge necessary to qualify them for naturalization?—A. Even if it should not be given in the English language altogether, it could be given to him in his own language, and he should be imbued with the American spirit. I think it would not be out of the way if, for instance, litera-

ture in the different languages should be circulated in the seaport cities and New York, and the steamship companies should be obliged to have such literature to give to the people to read, to be prepared before they get to America to understand where they are going. We can translate, we can have a general introduction telling them of the differences between Europe and America, telling them of what to expect here, and so on. For instance—I will give you one impression of my own. I could not understand when I first came to America the importance of sport as the American sees it. I came here during the time when John L. Sullivan was in his glory. I really could not understand why the children of the city of Boston, that city of culture, spoke with such admiration of John L. Sullivan. I could not understand it. I saw the American nation giving honors to that man. As another instance, take the press. I remember when I was a boy in Russia, when one would tell a fact and it would be doubted he would produce a copy of a paper and say, "Here it is in the paper," and that was sufficient proof for his statement. Now to-day the immigrant becomes bewildered when he first comes here to America. As a further illustration, take organized amusement. I call it organized amusement, the way we have picnics, balls, assemblies. The people who come here mostly from eastern Europe are not accustomed to such life. If they have any amusement or gathering it is a birthday party, it is a wedding party, and a funeral; it always centers around the family. But this large scale of amusement, taking out people on excursions by the thousand—when he comes here he becomes bewildered.

Q. (By Mr. PHILLIPS.) Do they call a funeral an amusement over there?—A. No; but it is a social function; the people come together. When the people come together for religious work and for family affairs, they do not have amusement in the sense of the word as we have it here. Now all this should be explained to the foreigner when he comes here, and it can be done by a little pamphlet printed in the foreign languages. While he is on board of the ship he can read it, and it should be given to him free. It would not be, I think, out of the way if the immigrants, when they get here, as long as they have been 10 days on the water, should be detained for another day, and there should be some large hall where all the immigrants should be landed and assembled and addresses made to them welcoming them to the country, and to introduce them to the American life. But it seems they are not taken care of here and they are lost.

Q. (By Mr. PHILLIPS.) Would not that induce a very large per cent more of immigration into this country?—A. It would cause a rise in the standard of immigration itself. I think our laws, if they were carried out to the letter, would be sufficient. They cover the test of literacy and other tests. If they were to be examined, I think that would cover the whole matter.

Q. (By Mr. LITCHMAN.) You spoke of 117 immigrants being detained.—A. Yes.

Q. Can you state the cause of that detention?—A. Their passage was paid by a charitable society on the other side.

Q. Oh, because of prepaid passage?—A. Yes.

Q. It had nothing whatever to do with any qualification of education?—A. No. I was present in the Barge Office when they were all examined, and they thought it was a great thing. They said the Baron De Hirsch committee paid their fare.

Q. (By Mr. KENNEDY.) They were trained on the other side?—A. They thought if they would say the Baron De Hirsch committee that would help them.

Q. You spoke about the Government exerting an influence to distribute this immigration. Wouldn't it be a very considerable problem for the Government to distribute the Jews, for instance; to keep them away from the large cities and send them to the smaller cities?—A. I think when the immigrant first comes here he is just like a child; he would yield; he would not raise objections. He would be a stranger wherever he would go.

Q. You spoke about that 40,000 of them in New York City now. Wouldn't that 40,000 attract great numbers of others?—A. Yes, they will; but those 40,000 ought not to be allowed to settle there.

Q. There were 40,000 before there?—A. Yes, but this 40,000 that came from Roumania have no relatives here at all, probably. If they would come to Galveston, or some other port, it would be a long time before they came to the Eastern cities. To cover the additional expense and additional labor the per capita tax could be raised.

Q. Do any of the Jews go to the Northwestern States to engage in agriculture, as the Swedes and Norwegians do?—A. No effort has been made. I have here a letter written in German, which I received. It was sent to me in New York from Bucharest, in Roumania. I am told in it that a Government official from Canada was there who made a proposition to take over 20,000—he was authorized from the Canadian Government—if they would go there to pursue agricultural work;

and he has even submitted a plan to them how he would gradually take them over; first, one out of a family, and after a year he should send for the other members of the family. I am informed in this letter they will send me all the data about it. There has simply been no attempt made. I have no doubt if it should be regulated and if the Government should in some way direct it they would in course of time take to agriculture.

Q. Have the Baron Hirsch people made no effort to induce them to go into the Northwest?—A. Not in that organized way that the Government could do it. They have done it to a very small degree. They do not have the power and the authority which the Government would have.

Q. (By Mr. LITCHMAN.) You think that immigration should not be restricted?—A. That is my opinion, and I think it would be detrimental if they should not be allowed to come here.

Q. Have you any objection to the industrial complications arising from competition?—A. It only arises in the large cities, always in the large cities. And I say they should not probably be allowed to land in the large cities; they may be required to purchase their tickets direct to the interior States.

Q. You think the evils complained of would be largely prevented by a wider distribution of immigrants?—A. All of this question of immorality is caused by the large aggregation of people in so small a locality as the east side of New York.

Q. Wouldn't there be political complications? If the Government should take a hand and try to force the Jews in the cities of the East to go to the West or cities in the interior, might not your people rise up and protest?—A. The Jews might protest if there should be laws against Jews, but if there should be a law passed by Congress for all immigrants, I do not think the Jews would be against it. The Jews are always against making exceptions of them.

Mr. A. L. HARRIS. Have you anything further?

The WITNESS. I do not know whether it comes in the line of your inquiries, but living as I do on the east side of New York, I just jotted down a few of the needs of the eastside. For instance, we have no parks. We ought to have some small parks. I should say that in a place like the east side of New York every ten blocks there should be a little park. We ought to have more public baths and playgrounds, which the children do not have there. And as a remedy, a partial remedy, as an experiment, for the sweat-shop system, I think if philanthropists do not do it the Government might undertake to erect public shops. It would have an educational as well as an economic advantage, and it would meet the requirements of the sanitary question, too.

Q. (By Mr. LITCHMAN.) You do not mean for the public to run the shops?—A. Oh, no; but to erect them.

Q. (By Mr. FARQUHAR.) Furnish power and heat and everything?—A. Power and heat and everything, and those people who work in their own homes would be willing to pay a moderate rent.

On the question of immorality, I had an idea—and I already tried to interest some philanthropists in New York City—that they should erect more hotels like the Mills Hotel. The great trouble on the east side is the boarder trouble. There is not a family in New York City on the east side that does not have one or two boarders, and there they all live in the same rooms. There the trouble begins. If they were to have more hotels of this kind, so that the boarder should not be obliged to live in private families, I think that would also help the question of immorality. I visited in Germany some tenement houses, what were called model blocks, especially in Frankfort on the Main. If we were to have such tenements in New York City, I think we would not need institutions like the Educational Alliance, probably. In their own tenements they have all these advantages. They have little libraries and little assembly rooms and places for study for the children; and they have even placed kitchens right there, and 100 families cook and live there. When I was there I could get but little literature, but as soon as I receive it I would be glad to forward you a copy of their report. To my knowledge there is not such an institution in the whole of the United States.

Q. (By Mr. CLARKE.) Who build and who owns those tenements in Frankfort?—A. Private individuals, who invested their money, and they have 4 per cent interest on it, but they conduct it on a very democratic principle. The people who occupy those houses administer their own affairs; the company only draws the interest on the money. Whatever goes above the 4 per cent is turned into a sinking fund for all improvements; and they have their trustees, and they feel that they own those places, and they administer the affairs in the best way possible. It would take too long to give an account, but I shall forward to you the reports as soon as I receive them. It is something which is worth while copying in large cities like New York, Philadelphia, Baltimore, and so on.

Then, also, we have an evil in New York about the public schools that I think encourages crime. There are not enough schools in New York City, especially on the east side. Of course the city authorities say that they can never provide for the children that come in every day on the steamships; but still it is a fact that many children have not had the advantages of a public school education because of it. They have their half-day school; that is, they divide and give them one session, but then the children are on the street during the rest of the time. And in speaking of the night schools, if the Government does provide night schools for people who want to study the 3 "Rs," why not have them open throughout the whole year? You take an immigrant who comes here in April, well, the ideas of Europe are fresh in his mind and he would very much like to study the English language, but he has no opportunity. He has to wait until the middle of October, when the public schools will open up, and meantime he becomes engulfed and drawn into the whirlpool of immigrant life, and forgets all his ideals and never goes to the night schools. We in the educational alliance try to meet this, but we are only a drop in the ocean. We can not provide schools for all of them—ours is only model work—we can not do work on such a large scale.

Another evil which we have in New York City, and which is no doubt in other large cities, is the tendency of forming petty societies. Although they may have benevolent purposes, still it gives cause for a great deal of trouble. It is very easy in a city like New York for 10 individuals to get together and form a corporation and get a charter and have their officers, and after that to do, in the name of the society, all kinds of mischief. In other words, the giving of charters to societies should be looked into. I was in one tenement house—I think it is No. 72 Essex street. I found 14 dancing schools in that one tenement house. These very same dancing schools are used as a meeting place for lodges every night in the week. On Saturday they have their religious services. The people of the same country will get a charter and they will form a little congregation—getting a charter, that is very easy—and have their own officers. In other words, in the same place they worship and they dance and they meet and wrangle; and all this in one tenement house. I think if the board of health were to look into that matter, they could easily stop such an evil.

Q. (By Mr. LITCHMAN.) That is in reference more to the immorality than to the industrial feature?—A. I am dealing more with the moral and educational problems; of course indirectly, those that may effect the economic.

One point which I want to call attention to: As I say, I am not a student of economics and I would not venture to make definite suggestions, when you discuss the question of immigration—whether something should not have been done. And I should not like to have this made public. This might be a little radical—periodical immigration. Here we take a census once in 10 years; we know then how we stand. We should then say that the ports are open for 2 years; after that we close them, and meanwhile give a chance to those people to become absorbed; and then after a few years open them up again. I know the owners of steamship companies and others might object to it; but I simply want to call your attention to the possibility of such a plan.

Q. (By Mr. FARQUHAR.) How are you going to manage such an arrangement in the face of our treaties with other nations?—A. As I say, I can not answer that, I simply throw it out as a suggestion.

As to the question of morality, I have just one more suggestion, and that is that unless they can have separate rooms boarders should not be allowed to be taken into tenement houses. I visited a house on Attorney street, in New York, where in 2 rooms there were 3 couples living, and 2 grown up girls—boarders. In other words, 2 rooms occupied by 8 people. The 2 girls ought not, in my opinion, to have been allowed to live in such a place.

(Testimony closed.)

WASHINGTON, D. C., November 13, 1900

TESTIMONY OF MR. JOHN GRAHAM BROOKS,

President National Consumers' League.

The commission met at 10.50 a. m., Vice-Chairman Phillips presiding. At 2.15 p. m. Mr. John Graham Brooks appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) You will state your name, post-office address, and occupation.—A. John Graham Brooks, Cambridge, Mass. I am sort of a miscella-

neous lecturer on economics. I was connected with Harvard College as lecturer 2 years, and for several years with the extension department of Chicago University. The most of my work is making special investigations and lecturing upon social and economic subjects.

Q. Are you president of the National Consumers' League?—A. Yes.

Q. Does that league undertake investigations in economic science?—A. Partly; but chiefly it is trying to organize public opinion against the sweat shop.

Q. Have you recently made any investigations of the sweating system?—A. Yes; we have been for 8 years making investigations.

Q. Please proceed in your own way to state to the commission some of your observations and conclusions on that subject.—A. We have found as to the history of sweating that it is bound up with new difficulties. England, for instance, had several investigations—House of Lords committees—and the history covers a period of practically 40 years and has been filled with very baffling difficulties. After the Massachusetts law, under Governor Russell, got fairly to work, probably in 1893, it was the first real result in this country. That has had a good result. The Massachusetts law is now working, I think, as fairly well as any law of this character can be expected to work, but, as the law has worked in Massachusetts, it has tended to drive the work into New York City until, roughly, \$126,000,000 worth is done in New York and probably not more than \$23,000,000 in Massachusetts. The law in Massachusetts, I believe, by general consent, works fairly well in preventing the abuses of the sweating system, but in New York and surroundings on Long Island and New Jersey are the same old abuses.

In New York City and its suburbs the rush of sweated industries is carried on more and more. It is impossible now to get them brought under any proper inspection. The work is sent to the homes, and while the law reads that every place shall be shown on the records, it is impossible for us to make public the places to which tons of garment sare sent every week in New York City, and also impossible to get any kind of adequate inspection, and of course under the present modern process of distribution these goods are spread all over the United States, so that no community is free from the evils.

The Massachusetts law, efficient as it has been in Massachusetts, has resulted only in changing the distribution point—to New York City largely—and not in checking the evil of sweating in irresponsible homes.

The evils are, first, that the employer can throw the rent on the private home, where it ought not to be. He escapes responsibility for practically everything except the cutting. The cutting is usually done in the shops, and the making up in the thousands of private homes. The associated charities finds that in an enormous number of cases there is a wage that is not a proper measure of earning power. You will find in hundreds of cases these poor creatures helped out with charity, and then in the boom season you find them all rushed in these private homes at a wage that, when you consider all the circumstances as to duration, etc., must be pieced out with charity. That makes the deadliest competition with the next higher class of independent labor that is conceivable. I believe that to be one of the very greatest evils of the sweating system. I do not know of any person who has honestly examined it that does not consider that it is one of the worst influences in this country in stunting the life of the family.

Of course the mere fact that the sweat shop is uninspected adds to the jerky condition of the trade. It is a very seasonal business, with all the evils attendant upon chronic idleness alternating with excessive work. The law can be broken at every conceivable point because there can not be adequate inspection. The work goes on to the limits of physical endurance, and we have more testimony than we know what to do with, to the effect that these creatures are working 14 and 15 hours a day during this boom season. That can not go on in the modern city without evils that society should guard against.

No first practical step for the help of this class, and for society in general, is possible except by some remedy that makes possible the kind of inspection that we now have in Boston.

One word about the present actual difficulty in New York—the sweating industries tend to center in and about New York. The growth is relatively more rapid in relation to the other parts of the country. There is some power there great enough to prevent a proper inspection, and politics get into it, and on the whole simply spoils the inspection.

Now, while it is the law that properly authorized persons have the right to know the houses to which the contractor sends goods of this sort, we have found it impossible by any possible device that we could control to get at these names. Legally, they should be given up to responsible parties, and we know the reason to be the reason that came out before the House committee in 1892. Then, as

now, the employer denies that there are any abuses. I am not bringing any charges of conscious dishonesty against him. But the employers and their attorneys said at that time: There are no abuses connected with our manufacture of garments. Then later you had the commission in Massachusetts, and Mr. Rufus Wade used very strong language—he is chief of the district police in Boston—before the commission, and holds the same view about it to-day. He testified to the “pitiful results” found in Boston before the law began to be effective in 1894. New York is now filled with these uncorrected abuses on a scale that Boston never knew.

Now, unless there is some influence brought to bear on public opinion that is strong enough, which we hope this commission will exercise, to make it possible for us to get at the lists of private homes, the uninspected places to which garments are sent every day, I think this chief tragedy in our modern industrial life will go on interminably. That is the briefest statement I can give of it.

Q. Do the various charitable organizations helping these people encourage the sweating system?—A. Without the slightest question. Of course, that is unconsciously.

Q. The commission will be very happy to hear you go into the social and moral aspects of this question, if you would like to do it.—A. People ask us, What are the abuses? I have mentioned, for instance, the fact that the employer can throw off the rent. That seems very insignificant, and rent, of course, in the early days and under simple conditions, was practically of no importance whatever; but our modern city has made rent an immense issue, so great that you will have classes of workmen that are paying a fifth of their income for rent, where they have to live in large cities. It has made that question of rent of very vital importance, and the employer by avoiding the building of large factories can throw that rent charge on the private home and thus escape that responsibility that has increased just in proportion as the modern system of industry has increased.

Then in the factory, power, steam or electric, is used to run the machinery, and that has set a pace of production against which the woman or child in the private home has to compete with foot power. The testimony of physicians that have examined them is that, given a sweat shop that is uninspected, where the members work in the boom season up to the limits of endurance, using foot power for the machine, that it is rare to find, after 4 or 5 years, any healthful person there. Of course the bearing of that on the woman as child bearer needs no comment before this commission.

Q. If the manufacturers were required by law to do all their work in a sanitary shop: that is, to thoroughly adopt the factory system, would it in your judgment practically cure the sweat-shop evil?—A. Assuming the law was enforced, yes.

Q. Would many of the people now engaged in that industry probably then reside outside of the cities, availing themselves of rapid transit to and from the shops, whereas now they feel compelled to live in close quarters in the city so as to be near the source of supply or their goods?—A. Certainly; for many of them this would be the case.

Q. Are different nationalities engaged in these sweated industries?—A. Yes; a dozen of them. It has to a very considerable extent driven out American women in Boston. Last week I was told by Mr. Griffin, an inspector in Massachusetts, that continually American women were giving it up because they could not make enough pin money even.

The women now in Massachusetts can not get that privilege without going to the inspector's office to get a permit, and an inspector is sent to make examination. If the home meets the sanitary conditions they may allow them to do work under that constant inspectorship. There are probably now perhaps 1,400 of these places existing where work is done for the contractor.

Q. Do you think if the factory system were to be substituted and sweating practically ended the cost of garments to the consumers would be more than now?—A. I do not, if the best machinery were put to use. Sweating puts a check upon the best modern methods of production. The sweat shop keeps foot power in the field at a time when steam and electricity should wholly remove this added burden from tired women. The possibilities of machinery are far greater in turning out the product than is sweated labor. I have had given me by manufacturers the testimony that they would willingly give up the sweating system if there was any sort of uniformity—any way to force other people to do it—because they could, by introducing up-to-date machinery, make a better product, and in the long run a cheaper one.

Q. Are not all the garments cut before they are sent to the homes of the sweat-shop workers?—A. Yes, the cutting; but there is very expensive and fine sewing machinery that can not be introduced into the home, and must be run by power that leaves the worker with some surplus of energy.

Q. What do you think would be the income of these same workers if they were in a well-regulated sanitary shop instead of in their homes?—A. I think a definite answer to that would be impossible; but all the evidence indicates that the wage would be considerably higher and the average work would be steadier throughout the year. Every evil of irregularity of work is intensified by the sweat shop.

Q. And they would work a shorter day?—A. Of course, they would work a much shorter day.

Q. What do you think would be the effect on the character of the garments produced?—A. There is not the slightest question that the character of the garments would be improved.

I have not touched upon the danger of contagion. Now, even in Massachusetts, where the law is better enforced probably than it has ever been elsewhere in this country, they are constantly obliged to withdraw the licenses because there is actual disease or too much filth. Now, if this is the case with the 1,400 inspected sweat shops in Massachusetts, what must be the possibilities of disease in the thousands and thousands of uninspected homes in and about New York City?

Q. Does your information lead you to believe that the better class of garments could be sold at present prices and the makers of these garments under sanitary factory conditions would find their condition greatly improved?—A. On the assumption that the highest developed machinery is introduced and used.

Q. Is not that almost inevitable in the factory system?—A. I think so.

Q. Competition will bring that about?—A. With the highest intelligence we aim to have the best machinery there is. As things now are, the contractor may profit in using this irresponsible and uninspected labor in the boom season. Of course, if he did not get it he would not do it. But his advantage is at a terrible cost to society, and he could not continue to profit by sweating, in my opinion, if he were to have the full benefits of the modern factory.

Q. (By Mr. C. J. HARRIS.) You say there is an advantage to the contractor in using the sweat shop because it is cheaper?—A. Under actual conditions as they are now, because sweating hinders mechanical improvements.

Q. In other words, they make goods cheaper in the sweat shops than in the factories at present?—A. A host of petty contractors without capital may now doubtless be used, in specific cases, to squeeze out a cheaper product; but even this in the long run would be impossible, I think, with a properly developed factory system.

Q. If they had such machinery that they could make them cheaper in the factory than in the sweat shops—prices generally regulate that sort of matter, and they would all be made in the factory?—A. I think so.

Q. Is not the class of goods manufactured in these sweat shops of the cheapest kind?—A. As a general rule, though some very expensive goods are made—even dress suits, and there are certain kinds of cloaks that are thought to be very excellent—are high priced at any rate. There is a good deal of high-priced garment making in the sweat shops.

Q. Now, you have spoken of the number of hours per day worked in the sweat shop. Is that an accurate statement of the number of hours worked, or is it like the case of the farmer's wife who gets up at sunrise in the morning and is busy about the house, you may say, until 9 o'clock at night? Do they sit down and work as they would in a factory for 14 and 15 hours a day, or do they take it up at odd intervals, working 15 hours a day?—A. In the busy season in the sweat shops they work very steadily, and often more steadily than in the factory.

Q. They, of course, keep their own time, as to the amount of hours they work. Has anyone made an accurate scientific observation as to the number of hours they work?—A. Quite adequate observations have been made as to the hours of work. If a given family, for instance, have a certain amount of work, and they know the season is only to last for a short time, they are all very anxious for the work and they will drive as hard as they can to get the most of this work.

Q. The fact that you find people working at 11 o'clock at night would not necessarily prove that they were working at 11 o'clock in the morning?—A. Of course not.

Q. Working on piece work they generally work more irregularly and take leisure at any hour they please?—A. The work is very continuous, protracted, and exhausting. The testimony upon this point is uniform and overwhelming.

Q. (By Mr. PHILLIPS.) Could not the hours be ascertained by the number of pieces they turned out?—A. I never have heard that testimony questioned about the length of hours work in the sweat shop. I should say very confidently that the kind of testimony that we have from the contractors and the people themselves and from the inspectors is such as you yourselves would accept as good testimony.

Q. (By Mr. FARQUHAR.) Does not the small wage earned in the sweat shop drive all the workers to longer hours in order to live?—A. Of course.

Q. (By Mr. CLARKE.) Manufacturers of clothing are generally accounted a very shrewd and enterprising people, are they not?—A. Very.

Q. Why do they not see it to be for their interest to employ the factory system instead of the sweat shop?—A. I think that any industry that has been a sweated industry, for instance, like the English boot industry, drags along for a long time even before the most intelligent men find it out. The most intelligent of them are now using the factory system about as far as they can. This surplus labor coming in gives the small contractor with little capital a chance to exploit it. If one assumes that all were perfectly intelligent, I have no question they would introduce the factory system, but it would have to come, after all, but slowly. It is for the real interest of thousands of backward farmers to adopt modern methods, but they cling to the old customs to their own loss and to the common loss. There are comparable abuses in the clothing trade. We can not safely assume the highest enlightenment in this business.

Q. (By Mr. FARQUHAR.) You speak of the boom or rush season in manufacture. How many months does that occur in a year?—A. Well, it varies, so that I would not dare to make the answer. It varies as much as the demand for anthracite coal does.

Q. Would it cover 6 months?—A. Yes.

Q. Then, with respect to the establishment of a factory, independent of this incidental hiring of labor, is it not a fact that the manufacturers of clothing in this country can not carry a factory 12 months in a year—it is too expensive; that they are not able to keep the manufactory going 12 months?—A. That would be a difficulty.

Q. Is not that the greatest difficulty that stands in the way of manufacturers even in New York City now?—A. That is a difficulty, but the factory system would greatly steady the whole industry.

Q. When you come to the seasonable trade, which is usually twice in the year, as we understand it, that trade is rushed for 2 or 3 months, all hands?—A. Yes.

Q. If these factories diversified the work so as to take up contract lines for other retailers or wholesalers, a class of goods manufactured for other countries for different seasons, so that they might be permanent in the manufacture, would not that be the practical way to reach your big factories and crush out sweat shops?—A. It might help.

Q. Provided, for instance, that foreign trade would enter into it just as well as domestic consumption?—A. Yes.

Q. In other words, would it not stand very much in the character of the department store, which has such a variety of goods in it that it requires the same force the whole 12 months through?—A. Yes.

Q. (By Mr. LITCHMAN.) How far is the sweat shop availed of by employers of limited means, who would not have the capital necessary to establish a factory with the improved machinery to which you refer?—A. That is the class that very largely use them. Some big factories use them only so far as some special emergency is concerned. There are some large manufacturers who do not use the sweat shop. Others use them only when the busy season is on.

Q. Now, if you can give us any information that emphasizes that point, I feel the commission would like to receive it—that the sweat shop is fostered and encouraged by these men, thereby not only degrading the conditions and wages of living, but also creating an unfair and unjust competition with those who are disposed to do legitimate business. Is that not a fact?—A. I should say, generally, it was the fact.

Q. Now, you spoke in relation to the nationality. Would you object to naming the prevailing nationality, if there is one, employed in this sweating business?—A. On the whole a variety of Hebrews probably are in it more than any other; also many Italians and some Swedes.

Q. Two-thirds?—A. I have never seen any statistics that are exact.

Q. (By Mr. CLARKE.) These same people were in it in the old country, were they not?—A. A great many of them.

Q. (By Mr. LITCHMAN.) How far do you think this matter could be reached by lessening the places where clothing is made?—A. That is the system in Massachusetts, and it has worked admirably there, but it has driven a great deal of the work to New York City.

Q. You think it is impossible to follow the goods in New York State?—A. It is done to such an enormous extent, and because the exact information that we want now and ought to get under the law is refused to us, because the great employers and manufacturers do not like to have the public know about it. They fear popularized information about the sweat shop.

Q. Is there sufficient legislation?—A. No; in my opinion there is not, and it would be better for me to say in reply to what Colonel Clarke has said, I do not imagine it possible to raise the question just now of forcing all this into factories. Without the slightest question it would be a great deal better if it could be done, but that is not yet possible. Certain practical steps ought to be taken first, like that already done in Massachusetts.

Q. How far would you suggest legislation, from the result of your experience?—A. I believe if we had this moment in Boston—I would like to drop the word "license," because it is not popular, and take the word "certificate" or "permit"—if, in addition to the permit that now every private house must have to do work in the open market, every one who manufactures clothing had to have a certificate that would bring him under inspection we should have about all that it seems to me possible to do, and that is exactly what we hope to bring about. If, however, we could secure in and about New York exactly what we have in Massachusetts it would be a great triumph.

Q. Have you had any experience, or have there come under your knowledge, any cases where disease has been contracted or communicated by reason of goods made under unsanitary conditions?—A. A very great number of cases. There are constantly diseases spread through uninspected sweat shops. That is a fact that every competent inspector knows and would not shrink from admitting, and the extent of it is very much greater than the public knows of. They are constantly finding diphtheria and typhus in the sweat shops, even where inspected; to a far larger degree of course in those not inspected or poorly inspected.

Q. The reason I asked this question is that I have seen it stated that soldiers contracted measles by reason of clothing made in sweat shops in our late unpleasantness with Spain.—A. An enormous part of that clothing was made in the irresponsible places. It was found by tons in the sweat shops. Now, the English law is so far developed that not one single garment of a soldier goes into an irresponsible place where it could not be properly inspected. Of course no one can have at his fingers' end the details of disease, but by an inspection of the health report it would be perfectly easy to get information, I think, or record of the diseases that are found in the sweat shops. Where there is an inspection, that is easily accessible. There is a great deal of such evidence.

Q. (By Mr. LITCHMAN.) Does the law of Massachusetts permit the destruction of clothing found in places where there is disease?—A. That is my understanding of it.

Q. (By Mr. KENNEDY.) Without opposition?—A. I do not think so.

Q. (By Mr. C. J. HARRIS.) Would the abolishment of the sweat shops take away the means of livelihood of these people?—A. That is the most sensitive objection always raised, and I do not want to seem to deny that there might be cases of hardship if we were to act vigorously in doing away with the sweat shop; but the experience of such a man as Mr. Wade, of the district police of Massachusetts, who has a great deal of information, and Mr. Griffin, indicates that as they slowly drift into the factory conditions they get into better wage and better hours, and all profit by it. Now, I do not deny there may be left certain cases of helplessness in the home, those that are unfit to go into the factory. I believe those people would have to be taken care of in some other way, and there would be a small residuum, but it would be infinitely better even for them. This wage under the sweating system works in such a way that the competition presses this helpless class almost out of existence.

Q. (By Mr. LITCHMAN.) You say a certain proportion of these people are supported by charity in the cities?—A. There are thousands of them supported half by charity and half by this wage.

Q. Do you think that the residuum after the factory system was established would require any larger amount of charitable support?—A. Distinctly less, so far as general demands were concerned. Charity and sweating react upon each other, so that both suffer.

Q. Would there be less or no more hardship than is naturally the case in a transition from one form of production to another?—A. I think not.

Q. (By Mr. CLARKE.) Have you studied the recent transition in Germany from house industry to factory industry, in some of the districts of Crefeld, for instance?—A. I have been a great deal in Germany, and I have always been interested in it; but I have no details about that and I shrink from answering.

Q. Will you please state, in a general way, whether or not there has been a large change in recent years for the better in that respect?—A. I can state with some confidence that as you go slowly from the house industry into the factory conditions you get the same sort of improvement there as you get anywhere.

Q. Wherein does the sweat-shop law of New York differ from that of Massachusetts?—A. It is almost the same law. The famous tag provision is a dead

letter. The New York law is practically the same law, and is a good law, if there were power enough there to secure its enforcement. There is obviously a fear to have the public know how large a part of these goods are made in sweat shops, and it has been beyond our means to get an account of the actual places to which goods are sent, as we can in Massachusetts. If we could get that one provision, so that we could get at the sweat shops in New York, and know just where they are, it would be a very immense gain. That can not be got unless public opinion is very much stirred up on this question. That is our hope for recommendation from this commission.

Q. (By Mr. KENNEDY.) Could you say whether the sweat-shop clothing finds its way into first-class establishments, like Wanamaker's and others in New York City?—A. I can say, without the slightest fear of contradiction, that there is not a great department store in New York that has not tons of sweat-shop goods in it.

Q. (By Mr. C. J. HARRIS.) Do they ever have these goods made in the country districts?—A. The country-made garment, I do not believe, is a serious factor in this production.

Q. Is there any objection on your part to that line of work?—A. I think it would be better if it did not exist, but I should not care to take any steps against it, because it furnishes pin money for the girls in their idle time; but the exigencies of the modern market and transportation, the quickness with which business is done, is curing that evil.

Q. Is there any labor organization among the workers in the sweat shops?—A. Yes, the labor organization of Garment Workers. They are working against enormous difficulties against the sweat shops, and are using their label on goods that are not made in sweat shops, and if they were powerful enough to enforce their demands, they would help very greatly; but I do not believe that any of these gentlemen would themselves tell you that they had any complete power to control the situation.

Q. Would the remedy be in the sweat-shop workers combining so that they could demand better prices for their goods?—A. No. They are too weak and helpless a class to organize completely enough to control abuses.

Q. (By Mr. CLARKE.) Has there been a diminution of sweating in New York since the enactment of the present law?—A. My impression is that it has increased rather than decreased, but I should not want to state that as certain information.

Q. (By Mr. LITCHMAN.) That is due to the nonenforcement of the law?—A. Yes.

Q. (By Mr. C. J. HARRIS.) Did I understand you to say the output of sweat shops has decreased in Boston?—A. Oh, yes; very much.

Q. Have you any figures in regard to that?—A. I do not think that anyone would question for a moment that the sweating has been decreased in Boston by the enactment of this law.

Q. (By Mr. KENNEDY.) What do you know about the sweat shops as an adjunct to the high-grade, first-class tailoring establishments in the great cities?—A. A great many of the places where men go to get their clothing have goods made in the sweat shops. We have found them over and over again.

Q. (By Mr. PHILLIPS.) Then you would have no assurance, in ordering clothes at a first-class tailor shop on Fifth avenue, that they were not made in a sweat shop?—A. No. You may know the man so well that you would be practically sure, but in the average shop in the city you can not be sure that your garments are not made in a sweat shop.

Q. (By Mr. FARQUHAR.) Do some of them have the Garment Workers' label?—A. Yes; they have the label. The label in the garment trade has met with great difficulties. The trade-union label in the garment-making industry in Boston, for instance, could not cope with the situation. There was not strength enough, and great abuses were practiced under it. It is, however, slowly gaining strength in New York.

Q. It has been abused there?—A. Yes, and no honest labor-union man will deny that so far as Boston is concerned.

Q. (By Mr. CLARKE.) We received testimony in Chicago last spring to the effect that nearly all of the leading tailors—those who make suits which sell for \$75—business suits—have the work done outside, in the homes of the journeymen, and that they are generally sweat shops. Does your observation in Chicago confirm that?—A. Yes.

Q. (By Mr. FARQUHAR.) Is it altogether fair to call that class of labor sweat-shop labor? These exceptions that are being discussed now—do they really belong to what we would call sweat-shop labor?—A. If a contractor takes a pile of coats and vests from a good tailor shop and gets them down in a private house, to that extent, of course, it is sweat-shop work, or tenement work, which is often worse.

I have no question that the ideal, if it was worth while to waste any breath on it, would be simply to stop all home work; but I should be very sorry to make, or seem to make, any suggestion of that sort to this commission, because I do not consider it a practical matter for us to deal with. It is only a question of seeing how we can take the next practical step in order to cover this great area of uninspected clothing in and about New York City. That is about the only question practically before us. I should be delighted if we could get any Federal legislation and uniformity, or utilize the interstate-commerce act in such a way as to prevent this uninspected product from being shipped about in the States; but, as I assume this is practically impossible to do now, I am very anxious that we should stick to the kernel of the difficulty, which is in and about New York City, and see if public opinion can be used in such a way as to enforce the law there in a proper way.

We could check the greater immediate abuses of sweating without raising the great and very awkward question of attacking all home work. The Canadian Government finds that a portion of its own goods are made in sweat shops. It sends out a trained man to examine it, and he brings back exactly the same report that the English Government returned. The prime minister, Laurier, says, (Reading) "I do not want to see that system of white slavery (sweating) prevail in Canada. If we have a duty to perform it is that we should make an effort to stamp out that sweating system in our own country. The postmaster-general has taken the initiative in that respect, and, with the sanction of the government, he has decided that in every contract given by the post-office department there shall be a provision which shall make it impossible for that contract to be farmed out," etc. In the United States public opinion is so little developed upon this point that vast quantities of Army clothing are reported from investigators to have gone straight to sweat shops. Is it less "white slavery" here than in Canada or England? The English Government, for instance, with its millions of pounds of products, allows no garment to be made unless it knows where it is made; that is, under decent supervision, without any irresponsible contractor that can not be traced. Now, if this commission could put that evidence in a simple form before the public and then state the simple conditions as they are in Massachusetts, and the tremendous difficulties that center in New York City, out of which probably 75 per cent of these goods are sent all over the United States, an important public service will be rendered.

Q. (By Mr. LITCHMAN.) Would you think it a wise action on the part of this commission to suggest that all goods for public use be compelled by law to be made in factories where proper inspection could be made?—A. I should hope that the commission would see its way clearly to a recommendation like that.

Q. Both State and national?—A. Yes, to see that goods made for our soldiers and civil servants should not be made where they are liable to drift into sweat shops, as they now do.

Q. (By Mr. PHILLIPS.) Would you have any amendment to submit to the New York law to make it more drastic?—A. I should want first in the New York law to have a list of sweat shops and all the places to which employers send garments through contractors, so that any responsible person can see them and the public know where they are made.

Q. (By Mr. LITCHMAN.) Have a registry made?—A. Certainly; they are attempting that now, but we can not get at them. There is a fear that the public will not like to know that so much is made in sweat shops. We only demand the elemental right of the buyer to know where and how the things he is to wear are made. All we want is that these facts shall simply be brought up in a very intelligent, cautious way, without any clamor or attempt to make startling statements.

Q. (By Mr. CLARKE.) Does the English law require the tag system of pricing goods?—A. It does not need that. Under its law every contractor has to give guarantees of a kind that make it altogether too risky for him to have his goods sent down to other than the Government shops or shops the standard of which is definitely set and known all about. The contract is very exact in that point.

Q. (By Mr. PHILLIPS.) But are they made in the houses or homes of the people?—A. No. They are made in properly regulated factories. You can see in London, for instance, some of the very finest factories, where they are working only 8 hours, with up-to-date machinery and good light, in contrast with the awful condition that exists in thousands of homes in New York City, and will to the end of time unless we force some provision that shall insure proper inspection. We ask only a guaranteed and adequate inspection.

¹ In a speech at Toronto, October 6, 1897. See Toronto Globe, October 7, 1897, for the whole address.

Q. (By Mr. FARQUHAR.) Does sweating still prevail in London?—A. There is a lot of sweating in private concerns, because this is so far only a Government arrangement.

Q. (By Mr. CLARKE.) In studying this question, have you had occasion to observe whether some of the largest clothiers in the cities have their clothing made in sanitary shops and are yet able to sell their goods in competition with the sweat-shop clothing?—A. That is done on almost every type of garment. I have a collection in my own house of garments that I have picked up, and almost every type of garment selling on the market can be made under splendid conditions at a price not higher than sweated goods are made. Some of the very cheapest things on the market are made in beautiful factories, showing again the possibility of doing this thing without the consumer suffering.

Q. (By Mr. C. J. HARRIS.) If a family lives in a cleanly manner, is there anything in the home work itself which makes it more injurious than factory work?—A. If you mean by that turning the home into a workshop, working for the great outside market, I think it is attended with evils that are too grave to be allowed.

Q. (By Mr. CLARKE.) You speak of the conditions now of city life, not so much of country life. You would not object, of course, if a farmer is also a shoemaker, who is doing a little shoemaking for his own family and his neighbors in his own house?—A. Certainly not.

Q. You see no great evil in that unless a man might overwork?—A. No.

Q. But you make a great distinction between that kind of desultory work, which is very exceptional, and the great manufacturing industry carried on in sweat shops in cities, which is a regular business?—A. Yes; I think that is a very important thing to say, because, of course, as about every question there is a line of casuistry where you can bring in a lot of cases that are very perplexing; but we are dealing with the exploitation of human weakness in great city homes, where there is a surplus of labor, and there are beyond all question enormous abuses, and we want to deal with such cases and not have our attention averted to conditions that are not altogether bad.

Q. (By Mr. LITCHMAN.) If this labor were transferred from the home into the factory, is it not true that the State laws of most of the States, at least, would provide for factory inspection, sanitary conditions, and other means of that sort, that would make the condition of the labor far better than it now is in the sweat shops where it is now employed?—A. Certainly; that is one reason why we want it.

Q. It is largely female labor, I take it?—A. Of course: the overwhelming majority is, with a great many men among them.

Q. It would be better for the female if the place of doing the labor were transferred to the factory for that reason, the improvement of sanitary conditions of employment, shorter hours of labor, State inspection, and other improvements?—A. Certainly; when the business is not inspected, or half inspected, a constant series of abuses is practiced, of which the following is an example: A man advertises for workers to learn some special work. He gets several days' service for nothing, or oftener for a wage on which no human being can live. Then excuses are trumped up that the sewing is not up to the mark, or he can afford only part payment. In this way, though he constantly loses his women, he is enabled to cheat a succession of victims. This is one type of fraud which the sweating system makes possible. It is not possible under factory work, or in any such degree where there is proper inspection, as in Massachusetts.

Q. (By Mr. CLARKE.) Since the elaborate investigations of this subject by some of the States and by Congress a few years ago, do you think that any new conditions have arisen in the practice which should be investigated at the present time?—A. Yes. I am glad that question is asked. The conditions have so changed, throwing the business into New York, that there is an entirely new situation there that we want information about and that the public should be informed about. New York City has not been covered, in my opinion, by any adequate investigation; and while a certain amount of work would have to be done, especially in Chicago, to a certain extent in Philadelphia, and some of the smaller cities, the chief work has to be done in the great distributive center now, where \$132,000,000 worth of work is done. All those facts we should put out before the public and then have such a recommendation as this commission should see fit to make.

Q. If the Industrial Commission were to enter upon an investigation of that kind, would you suggest that somebody expert in investigating the subject already should be employed to find out as much as possible, and that we supplement that by taking evidence from those engaged in the business, employers as well as employed?—A. Yes; but I do not believe a great deal of additional testimony is necessary.

Q. (By Mr. PHILLIPS.) Can you describe a little more fully the special conditions that exist there now that did not exist when these other investigations were made?—A. It is only in the enormous amount of work that is drifting into the homes of thousands that are not and can not be properly inspected. That is the gist of it all. The public is deliberately excluded from knowing about the sweat-shop product.

Q. Could they not be properly inspected if there were more inspectors, if the law were rigid in requiring it?—A. There is no public opinion now that enables you to get those inspectors. A very considerable change in public opinion is necessary, in the first place, to get competent inspectors, men that are not there for political reasons.

Q. They have two inspectors in the city of Boston, have they not?—A. Yes.

Q. And how many are there in the city of New York?—A. I believe in New York State there are 50.

Q. How many are there in the State of Massachusetts?—A. I am uncertain about the number.

Q. (By Mr. FARQUHAR.) Do you think there is a certain powerful class in New York there that would make an effort to prevent a more rigid enforcement of the New York law?—A. I am afraid there is a great interest there that now prevents the proper application of the law. I do not know that that is a gracious thing or a wise thing to say; if it is not, I should like to have it left out. But that is not doubted by anybody that has anything to do with it.

Q. (By Mr. PHILLIPS.) Would you be willing to describe somewhat more fully the sanitary conditions under which these goods are made in many sweat shops?—A. In the report of the House committee, 1893, several men engaged in the clothing business testified confidently that there were no abuses in the manufacture of clothing. They made light of the criticism that disease was spread through the sweat shop. If this commission sees fit to order an investigation that shall be competent and thorough it will find very terrible abuses that are not exceptional, but widespread. It will find that the sweat shop is the direct source of disease that spreads like a contagion through the community. There is such proof of this that I give this testimony with no fear of its contradiction. This is the reason why the public has a just claim to know where such articles as clothing are made. With the dangers and cruelties which attend so much of the sweat-shop product, it seems something like impudence to deny the right of the buyer to seek protection against these evils. As the law is now administered in and about New York the buyer and user have no such assurance. If there are no abuses and no dangers, surely no one should object to investigation. We simply stand on the principle that we have a right and our families have a right and the consumer has a right to know about these conditions; and we ask nothing except adequate guaranties that shall let us know that the goods are made right. No person can hear that proposition and deny that it is a fair one.

Q. Would there be any way of avoiding this by label or tagging?—A. A movement was started 10 years ago on the part of a common buyer. Women in different cities said, "We should like to know whether our goods are made in the sweat shops or not;" and when they found, for instance, with a great department store that had for sale 12 or 13 kinds of garments, that it was impossible to tell whether they were made in sweat shops or not, then a demand grew more and more that there should be some organization to find out where these goods were made. That led to the formation of the Consumers' League, which started in a very simple form first in New York. There are now 23 of these leagues, and it has taken national form, and we are trying to make careful investigations to see, for instance, that all kinds of garments are made under such conditions as we should all want our garments made. Then if any factory which is making all its goods under good conditions will take what is called the consumers' label, we give it. Then we ask at the retail store that they put some of these garments onto the counter where our members can go to buy. That beginning has been made, and it is organized with the purpose chiefly of creating public opinion about the facts. The league must be supplemented eventually by adequate laws. That movement is now growing, and it excites, of course, a great deal of hostility because it assumes that the great store must let it be known where its garments are made.

Mr. PHILLIPS. We would be glad, if you have finished this question, for you to give us any other information on industrial or labor lines that might or would be beneficial to the commission.

Mr. CLARKE. We recognize that a gentleman of his broad learning on economic subjects would be able to talk to us indefinitely and enlighten us on almost all subjects, but we should have to ask him to choose that which is most immediately in need of being exploited, and tell us what he thinks about it.

THE WITNESS. I should consider it a great privilege, gentlemen, if I could say a word about one subject that I hope the commission will have an authoritative word to speak about.

I believe the question of arbitration, the kind of arbitration that is going to be built up, not by State boards, but within the trade, needs investigation and restatement. It is one of the great subjects like sweating. Another is employers' liability where, I believe, as with sweating, the greatest abuses are going on in this country. If I wanted to select one thing upon which the commission could act with absolute security it would be in getting evidence and making recommendations along the line of a simple, decent employers' liability act for this country. Everyone knows the extraordinary confusion of our liability acts in the different States, the condition of the fellow-servant clause, contributory negligence, and the abuses of contracting out. Responsibility now is so ill-defined that the wise laborer in many States is absolutely afraid to assert his rights under the statute. The employers, on the other side, are plagued by irresponsible suits and an amount of litigation that is astounding the moment you compare it with any other country that has a national employers' liability act.

If there is anything that has been proved in the development of social legislation it is that there is no adequate dealing with the victims of modern industry that does not definitely throw the expense of accidents upon the industry itself, precisely as with insurance against fires. This is no longer a theory. Several countries are acting upon it. You gentlemen are familiar with the discussion that led to the recent compensation act in England that covered all this ground. You have, for instance, the accidents in the coal industry out and out, and there you eliminate all this petty snarling that goes on; that drops from 10 to 2 the moment you get this thing systematized; where you have it as well organized as is the accident insurance in Germany and one or two other countries. Now, it seems to me that that is so clear, the evidence can be stated in such a way by the commission that while you will not get practical men to consider that at once, the idea to which we have got to work being accepted by all those governments, reducing litigation and reducing the expense enormously—that that case is so clear that this commission is perfectly justified in stating the facts about that, and then discussing the question, the Massachusetts law and the Ohio law and the laws of some of the other States that are extremely advanced in regard to contracting out, the question of the fellow-servant act, and all the abuses.

Q. (By Mr. LITCHMAN.) Do you refer to the negligence of the fellow-servant?—**A.** Yes. It seems to me that perfectly practical recommendations are now easily possible by this commission, and would push the matter on to a further and final hearing without delay on all industrial accidents. Now, the history is perfectly clear and simple. I had to trace that for one report for the Government in 1891, 1892, and 1893, and the discussion always begins just as it has with us. It begins by assuming that the person, the individual laborer, is responsible. He assumes the risk of the business. That goes on until the modern complications of business show it to be atrociously unfair to throw the responsibility on a separate individual in a business like modern mining, for example. Then comes the discussion of trade responsibility under which the specific trade bears the expense. This is more and more the accepted principle toward which we must move in this country.

Q. (By Mr. PHILLIPS.) Will you describe the leading features of these laws that have been enacted by these five or six countries?—**A.** If you mean by that the definite provisions—

Q. Briefly state them.—**A.** The law began in Germany in 1884, in Austria in 1887, in Norway in 1894, since when it has extended to Finland, Great Britain, Denmark, Italy, France, and even Spain. The law is obligatory in five of these countries. The law has probably had its highest organization in Germany, where the employers must form an association based on collective responsibility. The burden of expense falls on this association of employers, on the theory that the expense can, in the long run, be added to the price of the product.

The new English law is voluntary, but the injured laborer has the first claim upon what is due his employer from the accident insurance company. This more rational method involves, of course, systematized insurance, in order to save the individual employer from sudden and unforeseen expenses which might ruin an ordinary employer. I can not do better than refer the commission to a thorough and admirable study of industrial accidents and employers' responsibility in the seventeenth report of the labor bureau of the State of New York, just published. No one can read that report, comparing the liability laws now existing in the United States, without seeing that our condition in respect to employers' liability is extremely crude and unsatisfactory.

Q. (By Mr. A. L. HARRIS.) Would you go to the length of the recent British legislation on the subject?—**A.** Yes; and I wish to say that I have never seen a

student that has thoroughly studied that who is not of the same view, so far as the principle is concerned.

Q. Do you believe that legislation of that sort would cripple the industries of this country?—A. No. That objection is always raised, but I think it can be said that in no other country can it be found to have crippled industry. Of course it begins with the difficulties that all new laws have to contend with.

Q. (By Mr. CLARKE.) Is one of the effects of these modern laws on that subject to diminish litigation?—A. Yes; that is one of the first results.

Q. Is it not a fact that in large cities especially certain lawyers have acquired great reputation as managers of personal damage cases?—A. That is true. In public service corporations under our laws the abuses against the companies are one of the chief nuisances. The condition of our laws is a premium on blackmail, so that employer and employed alike suffer.

Q. (By Mr. C. J. HARRIS.) Is it your experience that corporations throughout the country furnish physicians and medical attendance wherever accidents happen, and in certain accidents give pensions?—A. There is an enormous amount of it done, and especially in the largest corporations; they treat their men best here, upon the whole. I hold that the large corporation treats its men better than the little people do.

Q. I understood you to say in the anthracite region the employers—A. (Interrupting.) I said in the Lackawanna Valley. There is no organized employers' liability, I believe, in the mining of coal in that district.

Q. Do the companies do anything themselves?—A. They send them to the hospitals.

Q. Do they not furnish physicians and pay for the expense while in the hospitals?—A. Certainly.

Q. (By Mr. LITCHMAN.) Is not that expense paid by a reduction in the wages of the man?—A. It is the town hospital.

Q. (By Mr. KENNEDY.) Do you know of any case where corporations do these things, where they treat these injured persons up to the full measure of what should be done for them?—A. Several large corporations like Mr. Carnegie's do, but it is benevolence, while it should be put on a basis of right.

Q. (By Mr. PHILLIPS.) Is not a part of it taken from their wages, however?—A. I do not believe it is taken from their wages in any case known to me.

Q. (By Mr. CLARKE.) Doubtless there are cases of that kind in Massachusetts?—A. There are such.

Q. In those cases you think they recognize that men are better than the law, and you want to have the law made as good as the man?—A. Yes.

Q. (By Mr. LITCHMAN.) Is not your idea in the line of the legislation that has compelled the safety couplers on cars?—A. Precisely, and the power brake.

Q. So as to compel the railroads to believe that it is cheaper to have an air brake than to kill people?—A. So as to make it cheaper for the railroads to furnish safety appliances than to pay penalties.

I should be very glad to say one other thing about a different question, if the commission is willing to hear it, that I think is a very momentous matter in this country just now; and that is the relation of the new organization that we mis-call the "trust" to organized labor. I know it is a question open to dispute, and probably no two persons are agreed about it, but I have tried honestly for several years to get information about it, and I think that the new combinations are going to have a very powerful motive to get rid of trade unions, or to take the heart out of them, by making them sign a contract that they will not have anything to do with the application of new inventions within the trade—which, in my opinion, is the most ingenious way to weaken a trade union.

Q. Explain that a little further; I do not quite catch your idea.—A. If a trade union, for instance, in the iron industry or any other industry, has to sign a contract—as the building contractors in Chicago wanted the building trades council or the trade unions to sign a contract that they would not have anything to say about the use of machinery—to leave all questions of machinery wholly to the employer, the principle of unionism will be endangered. To say to a trade-union group that it shall not have anything to say about the conditions of applying new inventions is to strike a very terrible blow at that union. It strikes the greatest blow, in my opinion, to organized labor itself and is going to raise a great deal of difficulty. Most of the new combinations do not like the trade unions, chiefly for the reason that where machinery is very highly developed and plays a great part in production the unions naturally wish to have some voice as to the manner in which the machinery should be used. The better unions do not oppose machinery. They know its advantages as well as the employer, but the manner in which machinery is used is of vital concern to the union. The new invention often alters the wage scale and often drops out a few

men in a given group. The union wishes to discuss these new conditions, and that causes delay where there is a highly developed trade union. That is said to me by three of the strongest business men that I know in this country as the ground of their opposition to unions. I know perfectly well that those men would not publish that, but they know that they get an economic advantage over the English by being able to apply machinery just as fast as it is invented, without any reference to a trade-union committee. As these combinations develop they are going to try to get (as they ought to do) all the advantages of inventions and apply this machinery with the utmost rapidity and with the least possible friction from the trade-union committees. Now, that question is not a question of theory. I have been told by men who are supposed publicly to stand for trade unionism and think it very important that they mean to get rid of the trade unions if they can, because they are an economic hindrance to the largest possible and most rapid multiplication of the product. I believe in the trust just as I believe in the trade union. If capital gets an economic advantage out of organization, of course labor gets an economic advantage. That is too fundamental to discuss. The conditions of competition make organization as essential to one as to the other.

Q. If one has a right to that advantage, the other has?—A. And public opinion will recognize this common right. But the use of machinery is going to make a very great difficulty in this country.

I believe it to be true that the reason we have two socialist mayors has its roots in this question of machinery. The last machine, especially, and incidentally other machines, have been introduced so rapidly that the unions feel helpless to secure their share of advantage in the new invention.

Now, by these influences in New England some of these unions have been half crippled, and the result has been simply this: Feeling the helplessness of the trade union, they have turned to the municipality; have become socialists. They have turned to the State, and this process will continue if machinery is used in such way as to break down unionism. If the machine beats them, there is no alternative except to make socialists at a rate much more rapidly than is commonly supposed.

Now, it seems to me if this commission would let it be known that it believes that trades unions have just as much right to organization as capital, that if a thing is good on the one side it is good on the other, and that labor ought to have advantages that employees claim, the result would be beneficial. It seems to me a perfectly conservative word can be spoken by this commission and a wise one, in warning employers to hesitate in the attempt to arrest or weaken the trades-union movement. They can not do it without making the men socialists. They ought to know that if they want to make socialists in this country, they have the means in their own hands. They have only to "smash the unions."

Q. Your idea is that it is the wise alternative for the employers of labor to encourage honestly and intelligently conducted trade unions?—A. It is one of the most conservative things they can do in the class of industries of which we are speaking.

Q. (By Mr. CLARKE.) Among the employers of labor in this country on a large scale has not the objection to unionism been waning in recent years?—A. Yes, among a certain class of employers, and it has been gaining among other employers that are to-day organizing against foreign competition. The proof of that is as absolute as anything can be. I have been told by as strong a man as there is in this country in the iron business, "I will throw all the dice on the issue that trades unions are smashed in my business. That is one way in which I will get the advantage over the English ironmaster. Just as long as he is subject to the union and we can delay the application in this country I have an economic advantage." The capital fact in this dislike of the union is "interference with the employers' business." In the great machine industry the immediate use of new inventions, without any stopping to consult union committees, is very vital from the employers' point of view. It is just as vital to the union that it share as much as possible in the advantages which the new machine brings with it. If a union can say nothing whatever about the way in which new machinery is introduced, the employer gets an advantage so great that, in many industries, he could cripple the labor organization outright. English ironmasters and engineers will tell you that the Carnegie Company competes against England far more effectively and dangerously because no union committee has a word to say on the question of new machinery in those works. If unionism is important at all, it must have the right to discuss the conditions under which new inventions are applied.

Q. Now, the most of the trades-union leaders who have testified before this commission have spoken of the union as a trust. You recognize it as in a sense a

trust, do you not?—A. I think that has to be very cautiously stated. If with the proper qualifications, yes; but without qualification it is misleading. The unions try to shut off all forms of competition that hurt them. They are so far a trust.

Q. It is a combination of one interest just the same as a consolidation of manufacturing companies is a combination of another interest. The employer and employee are organized to deal with each other?—A. I hold the trades union is a trust to this extent: It is striving to shut off all competition that interferes with its union, whether apprentices or anything else, and in that sense it is proper to call it a trust.

Q. What you say of a disposition on the part of some of the trust magnates to smash the unions is entirely—A. (Interrupting.) I do not want to generalize on that too much, but I will illustrate: A few days ago I went to a gentleman who has organized two of the most successful trusts in the United States. We had previously talked often about the trade union. I said, "Does it begin to get clear to you what you are going to do with the trades unions?" He said, "We do not care a snap of the finger for them; we do not fear them." He gave me evidence to show that if the trust is organized geographically, so that it has different concerns at work over a considerable geographical area, a strike may be checked at one point by supplying the market from other and distant plants. This has actually happened, and I have been told the details about the defeat of one strike in Massachusetts. He said, "We do not even fear the trades unions any longer." It is that kind of evidence that I think makes it clear that the trades unions are not going to have a very easy time with these combinations.

Q. (By Mr. KENNEDY.) Your idea is the introduction of labor-saving machinery is going to be employed by the trusts to smash labor organizations?—A. It gives them an enormous advantage if they control the machinery, as in the case given of the lasting machine.

Q. In the printing business, I would like to call your attention to the fact that, notwithstanding great revolution which has been brought about by competition and by the introduction of labor-saving machinery, the Typographical Union is stronger to-day than it ever was.—A. I know that, and there are special reasons to explain it.

Q. And the great improvement that has been brought about in the press room has made work for tens of thousands of people beyond what we would otherwise have had?—A. I do not mean that it would throw people out. I claim machinery sets more people to work than it throws out. I did not mean to raise that question; but I think the experience of the Typographical Union with machinery is distinctly an exceptional case so far as it relates to the point I am trying to make.

Q. If the other unions are as intelligent and as progressive as to accepting labor-saving machinery as the Typographical Union was, will the employers still be able to smash the union through these machines?—A. I think if you assume that the employee is more intelligent, and that at the same time the employer is more fair, the difficulty can be bridged over. It is a question of intelligence and fairness on both sides.

The president of one of the largest corporations in this country told me, "My greatest fight at the present time is with the introduction of machinery; but I am bound to be so fair as not to break up the union. I see they have a right to their unions." And yet he said it was the greatest difficulty in his business. He was rapidly putting in new machinery, and it changes things, changes the wage scale, etc.; but there was a man who would be perfectly fair, and every time he put in a new machine—a new invention—he called in the representatives of labor and talked it over with them. Of course the difficulty is removed when you assume that attitude of mind.

Q. (By Mr. LITCHMAN.) Can you tell us about the lasting machine you refer to, how general its use is?—A. I think it is practically decided now that it is a success, and it is spreading more and more, and has weakened one of the most powerful unions in New England.

Q. Is it a fact that it can be applied only to shoes no smaller than a miss's shoe?—A. That is not my understanding of it.

Q. You doubtless have observed that these advantages were introduced by the McKay machine, and all these other machines have been supplementary to that?—A. Yes; but that is the most important, the McKay and the Goodyear machines, and the laster.

Q. (By Mr. CLARKE.) You spoke of the introduction of improved machinery, especially in Massachusetts, as tending toward socialism. Is that because it throws some people out of employment, and they are uneasy and discontented and do not know where else to turn?—A. I want to restrict that. I say only where the new invention is applied in such a way as to make the trade union feel that it was losing its grip. Only to that extent does it tend to make the socialist and

increase the socialist vote in Haverhill, Brockton, and these towns. To that extent there is no question about the truth of it, in my opinion. I think there is nothing more dangerous than to convince trades unions that they have not the right or power or the advantage of organization.

Q. (By Mr. LITCHMAN.) Have you found this socialistic tendency in communities other than those that have a large French-Canadian element?—A. Brockton has 40,000 people. It has a plumber for mayor—a socialist—and there are very few French-Canadians.

Q. (By Mr. CLARKE.) What remedy can you suggest for this commission to recommend to Congress and the several State legislatures against this evil of too rapid revolution in industries, which becomes oppressive to the employees?—A. I think that is the hardest question that anybody can ask. In the first place, I do not think it can be checked, or that it ought to be checked. It has got to be taken for granted that the machinery is going to make its way. But I believe that there should be some forms of conciliation and arbitration in the trades interested, to which the question of new machinery should be submitted. We must work out a method by which the new invention can be applied in such a way as to do the least harm to the group working that industry. That, I believe, will have to be done, and some of the employers with large experience are agreed upon this. That should be based on some form of arbitration as applied to the specific case we are dealing with. No wise man asks for less machinery, or that machinery be run more slowly. It is a question of using it so that labor organizations suffer the least harm. This is now done in many businesses.

Q. Now, what would you advise as to compulsory arbitration, or do you think that it should be undertaken by law?—A. I am almost sorry that this is asked, but I am willing to say this about it. I think the New Zealand act, on the whole, works a great deal better than the most of us think it does; but I think the difficulty that Mr. Harris brought up this morning against Mr. McCormack is a very fundamental difficulty that has to be recognized—that is, forcing a man to carry on his business. And it has seemed to me very probable that for exceptional cases there will have to be worked out something like compulsory arbitration. I am not prepared to say what form that will take. It will have to be wholly exceptional and come only after the possibilities of conciliation and mediation have been carefully and elaborately tried, so that the responsibility shall be thrown on the employer of refusing this. Many practical men have begun to ask for compulsory arbitration. Two men in the anthracite region told me recently, "I wish to Heaven we had compulsory arbitration." I said, "What do you mean?" One said, "A great deal of trouble would be avoided if we had compulsory arbitration." I said, "Do you know the New Zealand law?" "Never heard of it." "Why do you want compulsory arbitration?" "I have had so much trouble in dealing with unions, and especially with unorganized men, that I had a great deal rather have a properly constituted court to come before after we have tried conciliation than to have a State board or a mob of labor men. The State board deals with little disputes, but the great disputes it can not do anything with." It is of interest to say that here are two men who know nothing about the history or the theory of it, speaking out of their own experience.

I believe some form of compulsory arbitration for specific cases that assumes the use of organized mediation beforehand—I believe that may come about in this country; but the ordinary reference from a little country of 790,000 people—hardly bigger than the city of Boston, in America—is inadequate.

Q. The fact remains nevertheless that the truth is given to babes and sucklings?—A. That is a very important thing to say, I think. It may be they have got the trick down there; I do not know nor will anyone know until a period of business depression.

(Testimony closed.)

WASHINGTON, D. C., November 15, 1900.

TESTIMONY OF MR. MARTIN FOX,

President Iron Molders' Union of North America.

The commission met at 10.45 a. m., Mr. A. L. Harris presiding. At 4.02 p. m. Mr. Martin Fox appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) You will please give your name, residence, and post-office address.—A. Martin Fox, 433 Walnut street, Cincinnati, Ohio.

Q. What is your present official position?—A. I am president of the Iron Molders' Union of North America.

- Q. How long have you been president of that body?—A. Since 1890.
 Q. How long have you been a member of the union?—A. Since September, 1884.
 Q. Has your union been a national body since 1890?—A. Since July, 1889.
 Q. Has it quite uniformly maintained its national existence since that time?—A. Yes.
 Q. Have you a statement to read before the commission?—A. I drew one up, because I could make my testimony more comprehensive and of more interest if I submitted it in that way.
 (The paper submitted by the witness was read, and is as follows:)

IRON MOLDERS' UNION OF NORTH AMERICA.

The Iron Molders' Union of North America was organized on July 5, 1859. It includes in its membership to-day about 65 per cent of the iron molders of the United States. Its initiation fee is \$5, each member paying 25 cents per week as dues. Forty per cent of the weekly dues goes to pay the running expenses of the national organization, officers' salaries, strike benefits (\$7 per week), and a graduated death or disability benefit of from \$100 to \$200, according to length of active membership.

It pays three benefits—the strike and death benefits previously mentioned and a sick benefit to the amount of \$5 per week for a period not exceeding 13 weeks in any one year.

It has no affiliation with allied trades except through the American Federation of Labor.

STRIKES.

The constitution of the Iron Molders' Union makes a very complete provision for careful investigation of all possible causes of strikes before one is undertaken. In corroboration of this statement I herewith submit a quotation from the law governing the preliminary procedure. The executive board referred to is composed of 7 members in different sections of the United States and Canada.

"When a difficulty occurs under the jurisdiction of any local union, through a reduction of wages or through the principles of the organization being jeopardized in any manner, or should any local union desire to make a demand for an increase of wages, the union under whose jurisdiction the trouble exists shall hold a meeting at once to consider the same. They shall take a secret ballot to determine whether to accept or reject such reduction in wages, or make a demand for an increase in wages, or whether the union shall or shall not insist upon the enforcement of said union principles. It shall take a three-fourths vote of all the members present to decide, no member being allowed to vote on said question who has not been a continuous member of said union for at least three months previous to the date of said meeting. If, in the judgment of the union, they shall decide to reject said reduction, or insist upon the enforcement of said union principles, or make a demand for an increase of wages (said demand being refused), the members involved shall remain at work, and the union shall cause to be issued and sent to the president a bill of grievance, stating the nature of the trouble and the action of the union thereon. The president, immediately upon receipt of said grievance, shall personally or by deputy, in conjunction with the local committee, proceed to the place of difficulty to investigate the cause of the trouble, and, if possible, effect a settlement, failing to adjust which he shall cause to be sent to each member of the executive board a copy of the grievance. Upon the receipt of the decision of the executive board the president shall immediately notify the union as to the result, and should the grievance receive or fail to receive their sanction, the union shall hold a meeting and be governed accordingly. After notice is given that the grievance is not sanctioned, should the union decide to strike, it may be considered sufficient provocation for suspension from the rights and privileges of the Iron Molders' Union of North America, at the option of the president and executive board."

It would be difficult to enumerate all the causes which lead to strikes, but chief among them are the question of wages and the discharge of men for belonging to a union. These are without doubt the most prolific causes in the foundry industry.

Sympathetic strikes are discouraged, because they are contrary to the principle embodied in the law governing strikes of the organization, which requires a thorough canvas of the situation before a strike is undertaken. This class of strikes are, as a rule, the result of the quick sympathies of workmen for one another when attacked by the employing interests. As they are creatures of impulse, however, they often result most disastrously to the workmen engaged. They

are undertaken without proper investigation, and should therefore, in my opinion, be discouraged. The employing interests are combining so generally in the form of associations, designed either for attack or defense in industrial warfare, that it may be necessary for the unions representing the mechanics of allied trades to combine, in order that they may be better able to resist these powerful and sometimes aggressive associations of employers. But in such an event strikes that might result in all the allied trades when one is attacked would not be of the sympathetic order, as they are now commonly known, but would be the result of the careful consideration and calm judgment of some tribunal representing the several trades, and competent to arrive at an intelligent decision upon the points involved. I give it as my opinion that the trend will be in that direction, just as it has been in many large centers among the building trades.

Asked as to the economic results of strikes, I say, without hesitation, that they are unprofitable alike to the community, to employers, and to workers, in the immediate analysis; but how can we compute what they have saved and are saving to workmen in wages and conditions? Without the ability and the will to offer organized resistance to what they deem unjust demands upon them there would be nothing between the workman and a condition even worse than slavery. In the last analysis, then, strikes may fairly be credited with having saved to the workers, both organized and unorganized, a more equitable share of the wealth they produce than would have been preserved to them had they passively submitted to whatever exactions were required of them.

The necessity, however, of resorting to this primitive method of securing a fair reward for labor is to be deplored, and I hold it to be a reflection upon the intelligence and civilization of the citizens of these United States that employers and employed have not discovered a means of adjusting their differences and dealing equitably one with the other more in keeping with the progressiveness that has characterized our actions in other directions.

CONCILIATION AND ARBITRATION.

In many trades the unprofitableness and unsatisfactory results of strikes have led their trades unions to establish wherever possible a system of voluntary conciliation and arbitration. Along this line might be mentioned the agreement that was ratified by the Stove Founders' National Defense Association, an association representing the controlling interests in the stove trade, and the Iron Molders' Union of North America, a trades union representing 75 per cent of the molders engaged in the stove manufacturing industry, in 1891.

The essential features of this agreement are that there shall be no cessation of work by reason of any dispute, that the parties immediately interested shall first make an effort to adjust their differences, that these failing the presidents of the two associations, or their representatives, shall make an effort to conciliate and adjust, and, as a last resort, should the dispute still remain unsettled, an arbitration or adjusting committee composed of three members of each association shall take the matter in hand and finally decide it. Only once during the past 10 years has it been necessary to take any dispute before the committee of last resort. Nor has there arisen any dispute or disagreement that has not been settled without recourse to a strike. There is no element of compulsion, it will be noticed, in this method of adjusting differences—it is the voluntary election of representative associations of the employing and employed interests in the stove-manufacturing industry.

One point to which I desire to draw your particular attention is that organization of both interests is a prerequisite to such an arrangement. The opposition of some employers, therefore, to recognition of an organization of their employees is ill-advised and illogical if they are favorable to the abolition of strikes and the arbitration of differences. It is, perhaps, unnecessary that I should point out to this commission that the ends of justice and equity can not be conserved when matters affecting wages and conditions of labor are left to the individual negotiation of employer and employee. During many years of severe conflict between the individual stove manufacturers and the iron molders' union these lessons were well learned by both sides. It was found, too, that where the union was strong the molders could exact better wages than they received where the union was weak; hence some manufacturers found themselves laboring under the handicap of a greater labor cost than their competitors. Thus in the fullness of time, and after many bitter experiences, the stove manufacturers formed what is now known as the Stove Founders' National Defense Association. The union had one severe conflict with the association in 1887, which left both sides pretty well sick of fighting and eventuated in the agreement previously referred to.

Besides providing for the adjustment of disputes as outlined, this instrument further requires uniformity of labor cost, as far as practicable, in each competitive district. Provision is also made for annual conferences between an equal number of representatives of each side, which take up the question of wages to be paid for the year following and such matters of shop practice and regulation as may be deemed expedient by either side.

In the matter of removing friction that arises from wage disputes, our experience with this arrangement with the stove manufacturers justifies me in saying it has proven an unqualified success, but it is only fair to add that the wise policy of the stove manufacturers themselves was a contributory cause to this. They learned, as it would be well for every employer of labor to learn, that the mere cutting of wages will give no relief from the evils of trade depression, but simply tends to intensify them, and therefore during the panic years from 1893 on no cut was made in the standard of stove molders' wages, and when the depression was raised and a more prosperous season was in store the conference held in the spring of 1899 increased wages 10 per cent, and again in the spring of 1900 increased them 5 per cent more. It is true the representatives of the molders asked for more on each occasion, but a feature of these conferences is mutual consideration of interests, and the advances named were the compromises finally accepted as agreeable to all parties.

There are several things which have contributed to the success of this method of adjusting disputes between members of the Stove Founders' National Defense Association and the Iron Molders' Union. Among them are that the interested parties are first required to make an earnest effort to settle their own differences; that is, the individual employer and a committee of his own employees; that when referred to outsiders the dispute goes into the hands of men who are thoroughly conversant with the technicalities of the trade, and competent by their own knowledge to come to an intelligent decision after hearing a statement of the facts; that this reference is the voluntary act of representative associations; and lastly, that each side has a wholesome respect for the other's power of resistance against injustice, and, to cement the whole, the two associations have acquired that confidence begotten of 10 years of fair dealing and success.

In the late nineties another association of foundrymen came into existence under the title of the National Founders' Association. This association admits to membership practically all foundry interests not identified with the Stove Founders' National Defense Association. Its membership, therefore, is a composite one, including machinery, jobbing, agricultural, malleable, and other foundry interests. It does not yet represent the majority part of these varied interests. As it was built on the lines of the Stove Founders' National Defense Association, and was designed to resist what might be deemed arbitrary demands on the part of labor organizations, advances were made by the representatives of the Molders' Union looking to the ratification of an agreement similar to that existing with the Stove Founders' National Defense Association. In March, 1899, the negotiations resulted in the adopting of an agreement in New York, and since known as the New York agreement, which pledged the members of each party to the agreement to continue operations pending the settlement of disputes between them that had reached the acute stage. Such a disagreement by the terms of this instrument was referred to the consideration of a committee composed of three representatives of each side. While during the year and a half of the life of this arrangement many disputes over wages were successfully adjusted, it has not on the whole worked as satisfactorily as the agreement with the Stove Founders' National Defense Association. And as a result of the inadequacy of the New York agreement to meet all emergencies, we have the strange spectacle of the two associations being engaged in a very serious conflict in the city of Cleveland to-day, while in other localities differences are being treated as required by the terms of the New York agreement.

The reasons for the partial failure of this attempt at voluntary arbitration between the National Founders' Association and the Iron Molders' Union are not difficult to determine. In the first place a great diversity of foundry interests were represented, and the National Founders' Association lacks that homogeneity which characterizes the Stove Founders' National Defense Association; second, a considerable number of the members of the National Founders' Association were opposed to the recognition of any labor organization; and third, the mistake was made on the part of many of the members of the National Founders' Association of declining to negotiate a settlement with committees of their men, and referring every dispute at once to the associations for adjustment.

From my experience with these two associations of foundrymen, I give it as my opinion that a voluntary system of conciliation and arbitration of industrial dis-

putes will be found satisfactory and adequate for all ordinary emergencies, and that such a system can only attain its greatest usefulness when the employers identified with the industry interested give the organization of their employees full and unreserved recognition.

I am emphatically opposed to any form of national compulsory arbitration. I believe it to be opposed to the spirit of our people and fraught with grave dangers to both factors of industry. Much has recently been heard of the compulsory arbitration law of New Zealand, and it may have been as successful as its admirers claim in these islands; but our people are not like the New Zealanders in manner of thought, our interests are more diversified, our country vastly more extensive, and there is much less community of feeling between the different classes of our people upon matters affecting the diverse interests of capital and labor than might reasonably be expected in a small community like New Zealand. Under a compulsory form of arbitration the finding would very likely prove unsatisfactory to one or other of the interested parties. If the workmen, how could compliance with the award be enforced? By a term in jail? Such procedure would be construed by many as a distinct violation of the provisions of the Constitution of the United States.

In my experience State boards of conciliation and arbitration are of little practical value. For obvious reasons, as generally constituted, they neither possess the full confidence of employers nor employees. Their members can not be conversant with all the diversified interests that may demand their attention, so that unless their labors are supplemented with the assistance of experts they are not always competent to give an intelligent decision. And finally their finding can be disregarded by either or both parties with impunity.

THE INJUNCTION IN STRIKES.

As a layman I can not go into the legal aspect of the injunction as it is known in strikes. The Iron Molders' Union, however, has had several experiences with them, and they have been so sweeping in their character that it justifies me in saying, in many instances, they infringe the liberties of the citizen and have given rise to the suspicion that the temporary injunction is applied for with the sole purpose of breaking the strike by tying the hands of the strikers completely. It is unfair that the final hearing should be set for a remote date from the granting of the temporary order.

Legitimately used, the injunction, as a prerogative of the courts, is a wise provision of our jurisprudence, but I am strongly of the belief that the use that has been made of it in labor troubles since 1894 is contrary to its original intent, subversive of the rights of the citizen, and has done much to create a feeling of disrespect and distrust toward the courts among a very considerable portion of the community, to the distinct injury of its morality and patriotism. It is therefore the part of wisdom that wise limitations be placed upon the use of the injunction, and, further, that in the cases of contempt arising from this form of injunction the defendant should be given a jury trial and in no case be summarily punished by the judge of whose court he was in contempt.

Trades unions do not countenance a violation of law in the prosecution of a strike, and if a striker violates any law, either against property or person, the law itself provides adequate punishment, and, it seems to me, that deterrent should suffice. But if the courts are to be permitted, by what appears to be an illegitimate use of one of their prerogatives, to effectively destroy the efforts of workmen in preserving the standard of life or in elevating it, then, indeed, will the interests of the worker be in deadly danger.

LABOR-SAVING MACHINERY IN THE FOUNDRY.

In speaking of labor-saving machinery in the foundry I do not refer to the improved facilities in the shape of power cranes, cupolas, etc., but to that machinery designed to substitute the hard work of the mechanic. This form of machinery is commonly referred to as molding machines. Until within the last 10 or possibly 5 years labor-saving machinery was not a serious factor in the foundry, but of late years the molding machine has undergone a wonderful development and is rapidly becoming a factor to be seriously reckoned with.

The attitude of the Iron Molders' Union is not hostile to the machine, but on the other hand it has advised its members to promote its development, and whenever given the opportunity to operate one, to bring out its best possibilities. The foundrymen, however, seem to prefer the policy of teaching unskilled laborers to operate these machines instead of employing molders. The only apparent reason

for this is that the unskilled laborer, being accustomed to work for less wages than the mechanic, will operate the machine for less. That this is a profitable policy is open to serious doubt. I hold the opinion that the mechanic will make the most profitable operator, and this no doubt will be a subject of future negotiation between the associations of foundrymen and molders.

The machine has so recently become a productive factor in the foundry that its effect can not yet be accurately gaged. I can not say, for example, how many molders have been displaced by it, for almost concurrent with its introduction we have experienced a remarkable expansion of the iron manufacturing industries of the country, which during the year 1899 overtaxed the capacity of the foundries. At the present time there is a marked reaction, and although there are many idle molders it is impossible to compute how many of these are idle because of the machine or how many are idle because of the depression of the industry.

PRISON LABOR.

For many years the Iron Molders' Union, through its local bodies, has agitated in favor of State laws looking to the abolition of the competitive feature of prison labor. The cast-iron hollow-ware branch of our trade has been the most severe sufferer from prison foundries. I do not exaggerate when I say that that branch of the industry, except in the higher grades of ground hollow ware, has been practically turned over to the prison foundries. The stove-plate branch has also suffered in the cheaper grades of goods, but not to such a marked degree as the hollow-ware branch. The local molders' unions took a leading part in the agitation, which resulted in the constitutional amendment in the State of New York which confines the labor of convicts to supplying the wants of State or municipal institutions. The same might be said regarding the agitation which is being carried on at each session of the legislature of Ohio.

The national union has also given its unqualified support to national legislation designed to prohibit interstate commerce in convict-made goods. I am of the opinion that such legislation is essential, that the reform movement in the more progressive of our States should be rounded out and completed. It would be manifestly unfair that the citizens of States which had abolished the competitive feature of their own prison factories should be subject to the evil influences of competition with the prison factories of other States. I believe such prohibitive legislation as I have indicated to be within the power of Congress, and I have no hesitation in saying it would receive the very general approval both of organized labor and of those manufacturers who have suffered by the iniquitous competition of convict-made goods.

Respectfully submitted.

MARTIN FOX,

President Iron Molders' Union of North America.

Q. (By Mr. FARQUHAR.) Did you have a vote in the local bodies or in the national convention before you formed this national committee?—A. No. At the convention of 1890 there was granted to the president authority to make overtures to the Defense Association for the purpose of bringing the two bodies together, to see if we could arrive at some plan whereby we might avoid all difficulties, and the plans that were there outlined for the government of the two bodies were submitted to the local unions for approval. They were all indorsed, excepting one paragraph or one provision relating to the changing of the ratio of apprentices. All the others received the indorsement of the local bodies.

Q. Now, how many districts is the country divided up into?—A. I believe four districts.

Q. Do the employers and the employees agree as to the wage scales in these districts?—A. With the members of their association there is no question whatsoever. The manufacturers outside of the association, with the exception of those in the New England States, as a rule, have granted whatever general advance they have made in wages. Also, with any question coming up with the several manufacturers, we have allowed them to use this same procedure in taking up the cases; that is, in making the comparisons with prices paid by competitors in that district.

Q. In the division of these districts the employers have had the advantage that all other members in that district agree on this scale as to the hours in the district, and consequently they are all on the same basis?—A. In the district.

Q. No privilege as to that?—A. No.

Q. Then your wages are graded in the same way as far as the district goes, so there is no competition there with outsiders?—A. None whatever. Any inequality in prices may at any time be taken up by either side.

Q. So by your subdivision into districts in this way you have managed to cover the whole country?—A. Yes.

Q. And the several manufacturers and foundrymen have done the same thing?—A. Only the stove manufacturers.

Q. The foundrymen are attempting it?—A. Attempting it now, yes.

Q. So this serves two purposes—a perfect and equitable equalization of wages and hours of the men and better rates for the manufacturers themselves?—A. Yes; they recognize that fact fully.

Q. In the convict labor matter—isn't it only about one State that gives you any competition on hollow ware, and that is Pennsylvania? Are there any other States prisons engaged in the manufacture of hollow ware?—A. Jeffersonville, Ind., Chester, Ill., Columbus, Ohio.

Q. (By Mr. LITCHMAN.) On State account or private account?—A. Private account.

Q. Under the contract system?—A. Yes; piece-price plan is about the same thing.

Q. (By Mr. FARQUHAR.) Have you in your national association a strike or defense fund?—A. Yes; we set 58 per cent of our receipts aside for a defense fund.

Q. Is that used as a stationary fund, drawing interest and subject to increase, or is it paid out for the benefit of members on strike?—A. We keep the fund at interest. Of course it has been drawn on largely in the last 5 months in the contest of Cleveland. We pay very heavy strike benefits—\$7 a week—and we usually take care of the member after the strike is settled if he can not get work. We supported a strike at San Francisco for 20 months and at Indianapolis for 24 months. In both these cities the strike was practically lost, but the members did not secure work and we supported them for that length of time. If a strike is declared off and the members can not secure work we generally continue the support of them until such time as we find it unnecessary.

Q. With the Defense Association how many strikes have you had?—A. None since the agreement.

Q. Has your national body, I mean your whole union, increased in the last 10 years?—A. In the last 10 years, yes; considerable.

Q. I think you said what your membership is now?—A. About 65 per cent.

Q. Of the whole number of molders of the United States?—A. Yes. In that we include also molders of less skill than is ordinarily required in the stove-molding and machinery branch of the trade, as in agricultural and even malleable iron work where machinery is being introduced to a great extent. It is practically going to eliminate the highly skilled molder in a short time from these latter branches.

Q. You have at the present time no matter of irritation except probably this undecided apprentice question?—A. Yes; this undecided apprentice question, and the question that has been attempted to be enforced by the National Founders' Association at Cleveland.

Q. As an old trades-unionist, what is your opinion of the benefits to the employer and employee of this present system of agreements? Do you think they are thoroughly beneficial to both parties?—A. Thoroughly so, yes; recognized so by all who have given the matter a trial.

Q. When you made this arrangement did you have in view any other body that had been formed in this country or Europe, to somewhat copy after in making the agreement?—A. No; it struck me as quite original from the fact that both sides were represented by equal numbers. We have no arbitrator in the matter.

Q. Has this arrangement of yours been talked of in the trade journals?—A. Oh, yes; in all the trade journals to a considerable extent.

Q. Have you seen it discussed by other national unions?—A. Yes.

Q. How is it usually received?—A. Not with great favor.

Q. Not with great favor?—A. No.

Q. Is it the idea, they hate to give up the strike?—A. Perhaps I should modify my negative answer a little by saying that some national bodies are inclined to think that our trade is better adapted for the operation of such agreements, from the fact that there are distinct classifications of the molding trade and that it is possible to deal with representative employers' associations of one class, so that there is an identity of interest on both sides. That, of course, is the case as applied to the stove manufacturers. But with the National Founders' Association, which is a composite organization, we have also been fairly successful in establishing a uniform rate of wages in the large foundry centers. By that I mean such centers as Cincinnati, Chicago, Detroit, Pittsburg, and others. In New York wages rule a little higher for obvious reasons, thus demonstrating that the opposition of those referred to is not well-grounded.

Q. Do you think this principle of national arbitration and the fixing of wages, etc., is adapted to other trades than yours?—A. It seems to me it would be to all trades where competition is so general as it is in the foundry business. It could not be applied to the building trades, it seems to me—not so generally. They are more local—governed entirely by local conditions. Competition from the outside may be in the materials, but not so much among the workmen themselves.

Q. (By Mr. CLARKE.) Though you oppose compulsory arbitration, what would you say to a law that would require both parties to a labor difficulty to make an attempt to arbitrate their differences?—A. I doubt whether it could be made practical. I do not know how you could tell an employer or employee that he must arbitrate and, if he did, that he must comply with the award.

Q. If it could be made practical, do you think it involves a correct principle and would be a benefit to the public?—A. Of course I am so much imbued with our idea that I am hardly competent to pass an opinion on that; but I would say this, that through education and practical experience in arbitration we can accomplish more than to attempt by coercive measures or by any legislative measures to bring about the results we desire. There is nothing to compel workmen to comply with the award excepting their organization. We say to our members that, "If the decision is made, you must comply with it." We can not make that man work, though. But we can say to another man, "This man does not want to work; you step into his place." And we protect him in it. It would require organization, it seems to me, on both sides in order to make it practicable to attempt it.

Q. (By Mr. LITCHMAN.) How would you reach difficulties between employer and employee, where the public had a very large interest in the immediate decision of the question involved, like a street-car strike or a strike on a steam railroad or the anthracite coal strike?—A. I would say, if the employees are organized in a reputable organization and they demand an arbitration, the law should go so far as to say to these people, "You must grant them arbitration. If you do not, we have a national board of arbitration that shall inquire into the workings of your institution."

Q. To that extent you would favor compulsory arbitration?—A. It seems to me, to make it practicable, you must have the consent of both parties. It is the only way it could be made effective—to show up the exact condition existing with that corporation. It is only the corporations that we come in contact with that we have any trouble with—that is, so far as the recognition of the trades union goes. They as a rule pay the wages adopted by the union and as paid by foundrymen who abide by union rules and wage regulations.

Q. Indirectly, then, they recognize the union, do they not?—A. Yes; indirectly. I do not call that recognition. We have the strange spectacle in that they will tell me if I go to investigate a grievance, "Now, Mr. Fox, understand werecognize your coming here as a molder, but we will not give your organization recognition." I usually tell them, "If you do not recognize me in my official position, I certainly can do no business with you." And after talking the matter over we are sometimes able to bring them around, and in nine cases out of ten we are able to effect a settlement in that way. But they do refuse to recognize any official of a trade organization.

Q. Is there not a tendency in recent years to a greater recognition of organized labor?—A. Most decidedly.

Q. Now I want to ask you a little about molding by machinery. Is that largely confined to the malleable-iron trade?—A. It confines itself strictly to the smaller castings and where there are many duplicates made of the one piece.

Q. How is it done, in a general way?—A. Of course it would be hard to describe it for you, unless you had some knowledge of the molding trade itself. Generally speaking, the most difficult operation in molding these small castings is withdrawing the pattern from the sand. If the molder allows the pattern to swerve in any way, the mold surface is liable to be disturbed and thus necessitate its repair by the hand tool. In the case of stripping-plate machines, the pattern is withdrawn through a plate by a mechanical operation, and, being perfectly adjusted, there is no danger of disturbing the mold surface. It will be seen that this mechanism supplants some of the greatest skill of the molder engaged on this class of work, and the molding of the piece is greatly simplified. There are a large variety of machines, some designed to draw the patterns as already described, and others to pack the sand in the mold.

Q. There has to be a great deal of hand work with that, does there not?—A. Yes; considerable.

Q. Is the process quicker?—A. Very much. We are hopeful that in a short time we can overcome the difficulty that is being met with, if we can agree with

employers' associations on the wage system which shall prevail in the operation of these machines. The wage question is the real point of friction in the machine problem. But as I have said we hope to agree eventually upon the matter. A great deal of opposition has been met with from employers who fear that we want to "control the machine," that is, as to output. That is not our purpose, for the Iron Molders' Union is on record as favoring the fullest development of the molding machine.

Q. (By Mr. CLARKE.) Is it really a machine, or sets of plates and other appliances?—A. It is what you might call improved appliances rather than a machine.

Q. Have these approved appliances displaced many men?—A. Well, not to my own knowledge. It seems to me the demand has become greater and greater year after year, especially in the case of agricultural and farming implements. In the case of steel and also in malleable iron, it has been brought in so many ways into the construction of electrical machinery, street cars, and so on, and the demand has been so great that I feel it has not made any inroads on the molder.

(Testimony closed.)

WASHINGTON, D. C., December 7, 1900.

TESTIMONY OF DR. ISAAC A. HOURWICH,

Specialist on the law concerning labor unions.

The commission met at 10.42 a. m., Vice-Chairman Phillips presiding. At that time Dr. Isaac A. Hourwich was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) Please state your name, post-office address, and occupation.—A. Isaac A. Hourwich. I am at present in the Government service, translator at the Bureau of the Mint, and reside at Washington, 703 Thirteenth street N E.

Q. I understand that you have some papers to present on the question of the incorporation of trades unions.—A. Yes.

Q. And also employers' liability laws?—A. I have not reduced anything on employers' liability to writing. I will simply speak offhand. As to this other subject, that I thought of great importance, I put it down on paper, so as to be more concise and to consume less time of the commission.

Q. What opportunities have you had in the study of this labor question?—A. I was, in the first place, interested in that question as a student. I taught statistics in the University of Chicago, and I made statistical investigations with the assistance of my class of students. We made a special study of the question of the unemployed in 1893. Furthermore, I practiced law for 7 years in this country, and for 3 years I was counsel to a large organization of labor in New York City, the United Brotherhood of Cloak Makers; and I have also occasionally rendered legal services to other labor organizations in New York City. There was considerable litigation there, with the main object of establishing the status of the labor union as a corporation or an organization before the law. I may flatter myself with having been successful in having every point raised by me upheld by the supreme court of the State of New York; and that, of course, put me to the study of the labor question in all its aspects from the legal standpoint.

Q. What are your views on the incorporation of trades unions?—A. I consider that there ought to be a special law passed which would be adapted to the needs of labor unions as corporations sui generis. I consider that a labor organization can not be incorporated under any of the existing laws for the incorporation of business or any other corporations, because they are not adapted to the particular needs of labor organizations. There is a Federal law for the incorporation of labor unions, but that Federal law, in the first place, is limited as to its scope. It embraces only national labor unions, such as extend over more than one State, and are able to have headquarters in the city of Washington. Now that, of course, would prevent a large number of organizations which extend even over more than one State from incorporating under the Federal trade union law. For example, the organization with which I am familiar, the United Brotherhood of Cloak Makers, has branches in New York State, in New Jersey, and in Connecticut. Now, that would come within the scope of the national or Federal law. At the same time it would be utterly useless and unwieldy for them to have headquarters at Washington. It is too remote; they have no business here, and they are not a national organization in a strict sense of the word. Still they embrace probably about 15,000 workmen.

Q. In what form, then, would you make an incorporation law of that character?—
 A. A law which I would suggest ought to grant the labor organizations a special form of corporate existence. A labor organization organized as a corporation ought to have power expressly granted by law to make contracts for the employment of its members; and there ought to be also a provision to do away with the technical difficulties which present themselves in the enforcement of such contracts—in the way, for example, of the distinction which is usually drawn between the corporation as such and its members. We have made contracts under the general corporation law of New York. I have gone over it a little in this paper, but I can state that orally. We made contracts. There were a number of difficulties presented. For example, the first question would be as to the damage we sustained as an organization from a breach of contract on the part of the employer. The contract was made by us as an organization. We had to prove damage to us as an organization and not to the individual workmen. The chief object of the contracts in the tailoring trade is to secure a uniform rate of wages for a certain period of time. I will go a little into details. Now, the cloak-making trade, which is practically ladies' tailoring, is a season trade. They have two seasons during the year. They generally make contracts with their employers for each season, so that twice a year contracts are made with employers. Those contracts where the union intervenes are made by the union; where the union does not intervene they are made either individually by every workman with the employer, or, as this is a very unsatisfactory way for the employer, he generally calls a meeting of the shop, a shop meeting, and tells them to select a committee and to arrange upon the rate of compensation. It is piecework, and so there can be no uniform rate. They must go over the styles of garments and agree upon a certain price for every garment. The workman must see what kind of work there is in order to prevent differences in the height of the season, and the needs of the employer of labor require a contract to be made for the entire season. Now, when a contract of that nature is made by the union for the employees, which is generally considered by both parties a more satisfactory way of arranging affairs, then, should there be any breach of contract on the part of the employer, as it very often happens, there is this difficulty in enforcing the contract. When, for example, he tells his workmen that he can not pay 75 cents for a garment, that he will pay them 50 cents, because the trade does not warrant the original price, if the workmen will insist upon the terms made by the union and he will tell them he can not employ them, and discharge them, that will be, under the terms of the contract, which is usually in writing, a breach of that contract. Now, if it be a case of an individual discharged before the expiration of the term without just cause, he can go to court for damages resulting from loss of employment. When it is a breach of contract with the organization, then this difficulty arises: Should the individual workman go to court, he is not a party to the contract made by the organization with the employer, and consequently he can recover nothing. When, on the other hand, the union comes into court, the answer is made that the union as such has sustained no damages, or at least can prove no damages from the fact that the contract was broken and its members have sustained damage. There may be a moral damage, but not one which can be readily assessed in dollars and cents. Now, this, as a matter of law, is so as far as the ordinary corporation is concerned, but it is certainly incorrect, in view of the peculiar conditions of the labor agreement. If, for example, fifty or a hundred workmen make a voluntary association and make a contract with the employer of labor, and that employer of labor discharges either all of them or any of them before the expiration of the term, without just cause, simply because he wants them to work below the stipulated rates—then they could go to court and the court would certainly sustain them, because they as a partnership, so to say, have suffered damage, for they have engaged in the employment as a partnership; they are entitled to compensation for the loss of time. It is certainly a legal anomaly when some fifty or a hundred or a thousand men are deprived of these privileges as soon as they take out a charter under the laws of the State, because then the one thousand men, who are practically the corporation, are declared not to have any direct personal interest in the corporation, and consequently the corporation as such and the men composing it are drawn apart by operation of the law. Now, I have argued that before the New York supreme court, and I have been sustained in that contention in a case which I had before the court—the case of the United Brotherhood of Cloak Makers v. Gurewitz. I argued as follows: I said that the distinction between the ordinary corporation and a labor union consists in this: An ordinary corporation is a combination of capitals; people come and contribute, each so much money, but they take no personal interest as such in the management of the corporation except through elect-

ive officers. A labor organization may have a little capital invested in the shape of dues, which is generally barely sufficient to cover the running expenses, but what they do invest is skilled labor. It is, so to say, a corporation of men investing their labors, and consequently, that being the case, there is a perfect identity of interests, as far as employment is concerned, between the members of a corporation and the corporation itself. But the law has no form which would recognize that distinction. The existing forms of corporate law never concern themselves with this peculiar form of combination, because of the fact that up to a very recent date the law in general looked with great suspicion upon any combinations of either capital or labor, and as a matter of fact even to-day combinations of capital, for example, in some cases, or combinations of labor, are not favored by legislation.

I consider that this is an age of organization, both of capital and of labor. We can no more go back to-day to the scattered condition of industry of a hundred years ago than we could do without the locomotive. It stands to reason that modern industry requires large combinations of capital, and it requires also, as a corollary, combinations of labor. As a matter of fact, it is the interest of the employers which requires that labor should be combined. In large enterprises the employer has no opportunity of dealing individually with every employee upon the merits of the individual case. He must make uniform rules, and inasmuch as the other party has also rights recognized by the law, the laborers must select some sort of a committee to represent their demands, their side of it, and that is usually done whether there is a union or no union; so, as I say, the interests of modern industry require that both capital and labor should have the utmost freedom in combination, as far as it benefits the interests of industry and the general welfare.

Q. Now, have you a paper on this very question?—A. Yes; I have that paper on this very question.

Mr. FARQUHAR. If you do not intend to discuss the question further orally, will you please submit the paper now?

The WITNESS (reading). This is an age of combination and consolidation. The corporation has as legitimate a place in our modern industrial organization as the steam engine. It is only in those countries which are most backward in their industrial development, such as Russia, e. g., that the State still looks with suspicion upon corporations. Yet even in this country the old view still governs the legal status of the organization of labor. The trade or labor union is at best only tolerated by the law. What is known as "public opinion" views it as a sort of a reservoir filled with inflammable chemicals, which are at any moment apt to explode.

In truth, labor unions are created by the growth of capital, and are as necessary to our modern industrial order as corporations or combinations of capital. The old patriarchal relation of master and servant is gone; the master no longer deals individually with each employee. A corporation or a large firm has hundreds, often thousands, of employees, for whom it issues uniform rules as to wages, hours of labor, etc. Now, the fundamental law of this country is "freedom of contract." The terms of employment are supposed to be fixed by mutual agreement between employer and employee. It is a bargain, like any other bargain, where the buyer tries to buy as cheap as he can and the seller tries to sell as dear as he can. But where the employer bids for the help of 1,000 hands at once, how can they who sell the labor of their hands assert their terms unless they combine for the purpose? Individual bargaining will not avail; the employer will not pay, for identically the same labor, to one man more than to the other; in fact, the employer can not do it. The terms of the labor contract must be uniform for each class of employment.

In most States the law has recognized this necessity, and statutes have been passed declaring "peaceable cooperation among workmen for the purpose of obtaining an advance in the rate of wages or maintaining the same" not within the law of conspiracy. Still it has been done in a very imperfect manner, and practically the labor union has as yet no standing in court. As the law stands to-day, a contract made between an employer and a labor organization in relation to the terms of employment is very difficult, if at all capable, of enforcement at law.

I shall take up the law of the State of New York, first, because I am more familiar with it as far as it bears on this subject; and, second, because it is probably more liberal than the laws of other industrial States.

First of all, let us consider the status of the labor union. It may be either an unincorporated association of workmen or a corporation.

It must be admitted that under the existing laws a trade union has a more unhampered course if it does not incorporate at all. It is then free to choose any

legitimate line of activity open to an individual, without coming in conflict with the provisions of a corporation law not adapted to the special needs of labor unions. There is a Federal law for the incorporation of labor unions, but it requires the headquarters to be located in Washington. This provision makes it inapplicable to any but the great national bodies. An organization, such as, e. g., the United Brotherhood of Cloak Makers, which has branches in New York and New Jersey, with a membership of about 15,000, can not incorporate under the Federal law.

The New York State law of corporations divides them into stock corporations and non-stock corporations, the latter being again divided into membership corporations and religious corporations. Prior to the latest revision of the corporation laws there existed a law for the organization of cooperative companies, i. e., such associations where the stockholders contribute not only their money, but also and chiefly their labor. The name was retained by the revisers, but the law itself was repealed and no other law enacted to take its place. How is a labor organization to incorporate under these laws? If it incorporate as an ordinary membership corporation, it is no more than a mere social club. Its chief purpose, "cooperation for the purpose of obtaining an advance in the rate of wages," can not be accomplished, for it would be beyond the powers of a social club and would fall within the definition of the objects of a business corporation. To incorporate as a business corporation is impracticable. It would impose upon the labor union the necessity to have a capital stock and to increase it from time to time; no assessments could be levied for current expenses; no "stockholder" would forfeit his membership by nonpayment of dues; no member could be disciplined; stock could be sold by individual members to outsiders who do not belong to the trade, but may be interested in having a controlling voice in the councils of the organization. In other words, a labor union is in its very nature different from a business corporation.

In 1897, being elected counsel to the United Brotherhood of Cloak Makers, I was confronted with this problem of incorporation. In the absence of law on the subject we had to make law, and we accordingly incorporated as a "cooperative corporation," leaving it to future litigation to construe the powers of such a corporation. We had one case in the New York supreme court, where the defense of *ultra vires* was raised against us, and we were sustained by the court. Yet the decision in this case can hardly be said to have established a precedent, since the opinion did not go into a full discussion of the aspects of a "cooperative corporation," nor was it passed upon by a higher court.

Next comes the question as to the methods of enforcing the labor contracts. It is a sad commentary on our law that a labor union has practically no other remedy than a strike against a violation of the labor contract by the employer.

A contract with an employer may be made by the union, as contracting party, or by the individual workmen. The latter method has been practiced in the tailoring trades in New York City. Aside, however, from its unwieldiness, none but an utterly unintelligent employer, such as the average sweat-shop "boss," would enter into such a contract, for it would bind him to keep every workman who happened to be with him at the time the contract was made. Nor does it serve the ends of the union, since it leaves the employer free to hire additional help not belonging to the union. On the other hand, it places the individual member of the union in a position where he may override the decisions of the majority of the organized body, since under the technical form of the contract he is the party to the same and may modify its terms by agreement with the employer.

The only method that suggests itself is therefore a contract made by the union, as such, with the employer. But when the contract is taken into court the union can prove none but nominal damages. Suppose the employer has declared a reduction of, say, 10 per cent on the agreed rates before the expiration of the contractual term, and has locked out the members of the union, who insisted upon union rates. The individual members who lost their positions have suffered damage, but the union is a corporation, and as such distinct from its members. Being a cooperative corporation, it can make no profit on its contracts for itself, and consequently can sustain no damages through a violation of the contracts.

Of course legal ingenuity will suggest some device to so frame the labor contract as to bring it within the established rules of damages. But it means that a perfectly legitimate end must be sought to be obtained under disguise.

And lastly, there is always open the defense of duress. Very often the agreement is reached in the course of or in the apprehension of a strike. Whenever the agreement is sued upon by the union it is met with the defense that the agreement had been obtained by threats to injure the defendant's business in case he would not agree to the terms of the union. That such threats, expressed or

implied, are actually resorted to may be freely conceded. The question is, however, is a threat to injure the defendant's business unlawful?

It goes without saying that a threat to commit violence against the person or property of an employer or anyone else is within the purview of the penal statutes prohibiting threats, etc. But there are cases where one may inflict an injury upon another without becoming liable therefor, either civilly or criminally. If I build on my vacant lot adjoining my neighbor's house it will shut out the light from the same and its rental income will go down—a fact familiar to every land lord in the upper part of Manhattan Island; yet I would not be liable in damages to my neighbor. And if I offer to my neighbor to sell him that lot at my own figure, threatening that I shall otherwise erect a building on it and thus cause him a loss on the value of his property, I am not liable. Similarly, if a walking delegate threatens a manufacturer of ladies' garments that unless he accedes to the terms of the union a strike will be kept on in his factory until the end of the season, and he will lose his orders, which will go to his competitors, it is not against the law. Yet, at least in one case, I have had the experience that a defense alleging, in the vaguest possible terms, threats "to injure the defendant's business," without specifying any unlawful act, was sustained by Judge Truax, of the New York supreme court, as a sufficient defense (on a demurrer). The case is probably not an exception.

In general, it can not be said that the right of workmen to refuse, by concerted action, to work for an employer, if the terms do not suit them, has received unqualified recognition. The common law regards every strike as a conspiracy. The New York statute exempts from this inhibition a strike for the purpose of obtaining an advance in wages, or for opposing a reduction of wages. But as this statute creates an exception from the common law, it will, under the familiar rule, be construed strictly; anything not expressly contained in it is still governed by common-law principles. Now, a strike is not always the result of differences as to the rate of wages, and contracts are often made by peaceable agreement, without resorting to a strike, for other purposes as important to the union as an advance in the rate of wages.

One of the fundamental demands persisted in by every union and strenuously opposed by employers is what is called the "recognition of the union." The demand is usually regarded by the employers as an encroachment upon what is technically known as "the freedom of labor." As a matter of fact, however, it is identical with similar restrictions inserted in every contract, whereby one party agrees to deliver goods or render services to another. If a railway company bids for transportation of troops at so much per soldier, it is quite natural for it to stipulate that it shall have the exclusive privilege of transportation between the particular points contemplated in the contract. If a labor organization makes a contract of employment, it must insist upon a similar provision, lest its contract should become inoperative. Indeed, the demand of an employer for help is elastic, subject to expansion and contraction. He has the privilege of laying off as many hands as may at any time be superfluous to him. If he should reserve the further privilege of subsequently replacing them by outsiders who are not bound by the terms of the union contract, it would enable him to practically rescind the contract with the union without openly saying so.

No less important is the injury to the discipline of the organized body, which must inevitably result from suffering a number of outsiders, not subject to the jurisdiction of that body, to work side by side with the members of the union. A union of workmen will avail itself primarily of the same remedies as a single hired man to enforce the terms of its hiring. In case of a breach of contract on the part of the employer, the individual employee may quit; if he is reasonably certain that he is wanted by his employer he may thus succeed in obtaining redress. But when one-half of the force of a factory do not belong to the union, what will it avail the other half to quit, under similar circumstances, if the outsiders will remain at work? Whoever has had any experience on the labor side of this matter is forced to the conclusion that a union can sooner concede a reduction in the rate of wages than waive this fundamental demand. Now, what is the attitude of the law on this subject?

The appellate division of the New York supreme court has lately made a new departure (in the case of *Davis v. United Portable Hoisting Engineers*, decided in 1898) by adopting the view of the British House of Lords, which has unqualifiedly recognized the right of a labor union to refuse to work with non-union men and to demand the discharge of non-union men where union members are employed. This view is at variance with New York precedents—e. g., the case of *Curran v. Galen*, decided by the court of appeals as late as 1891, where a similar demand by a labor union was held to be an unlawful interference with the right of every

citizen to work at whatever terms he chooses. It remains yet to be seen whether the liberal view of the supreme court will be upheld by the court of appeals.

From all this it may be seen that the law has not kept pace with the industrial growth of this country. The old common-law hostility to "combinations in restraint of trade" has blocked the way of combinations of capital as well as of combinations of labor. Both have developed, however, although denied the opportunity to invoke the assistance of the law. It can not be gainsaid that this is an anomalous condition. These legal relics of a past age handicap labor more than capital.

My brief acquaintance with both employers and employees in the New York tailoring trade convinces me that this condition exercises a demoralizing influence upon both employers and employees. Manufacturers make contracts with labor unions as a mere matter of form. I could name many a cloak manufacturer who told me, while affixing his signature to the contract, that he did not think it was worth the paper it was written on, and that it could not be enforced. I know of many prominent cloak manufacturers who violated their agreements no sooner than they were made; some of them confessed it to me confidentially. (On the other hand, the union, knowing that its agreements must yet be tested in court before their validity may be established, is sometimes impelled to make unreasonable demands upon the employers, such, e. g., as the deposit of cash or promissory notes as security for the faithful performance of the agreement; and, what is still more important, having little expectation of obtaining redress in court, the union quite naturally resorts to the strike, whenever practicable, as the only efficient method to settle its differences with the employer.

What is imperatively needed, is a frank recognition by the law of combinations of labor for the object of fixing the terms of the joint contract of employment. The law ought to recognize the peculiar nature of the trade union as distinct from an ordinary business corporation. There ought to be a law permitting the incorporation of associations of workmen in a manner to give efficiency to their contracts with employers of labor. The law should expressly recognize the identity of interest between the association and its members; it should be so framed that a breach of a joint contract of employment would give the union a right of action for the damages sustained by its members through resulting loss of wages or employment. The scope of this enabling act must be sufficiently broad to include all legitimate objects for which agreements are to-day made between labor unions and employers.

This would virtually introduce arbitration by the courts in labor disputes, thus to some extent superseding the strike by ordinary methods of settling disputes in organized society.

It is one of the first steps to be taken if it is desired to create a *modus vivendi* between capital and labor instead of the present state of warfare.

Q. (By Mr. LITCHMAN.) Your paper states a remedy when the employer fails to keep a contract?—A. Yes.

Q. What remedy would you have in case the corporation of the workmen, which you suggest, fails to keep its contract?—A. Well, I think the remedy which the union would have if a law along these lines were adopted would be pecuniary damages for a breach of contract on the part of the employer. Pecuniary damages could be collected from the union just the same. In the tailoring trade in New York, for example, you will find very often that the union is far more responsible than the employer. You will find there employers who are not worth \$100, who have a few machines and employ about 20 men—these sweat-shop bosses. A union, no matter how small and how weak, has always a couple of thousand dollars in its treasury; so, consequently, in the matter of enforcing contracts, they stand on an equal footing.

Q. (By Mr. PHILLIPS.) Suppose that the damage would be much larger than what they had in the treasury. How would it be collected?—A. That would of course mean that there would be a judgment which could not be collected. There are thousands of such judgments rendered in the courts of New York between private business men. When you have a judgment and you can not collect anything on execution, that is a case which must be contemplated in all commercial intercourse.

Q. Would the labor unions be willing to have such a law where they might be held subject to damages in very large sums?—A. I do not see why they should not. At least the law can not give any such privileges to a labor union which it would deny to an employer, and there is a mutual agreement that if the employer suffers damage by reason of breach of contract by the employees he can sue. As a matter of fact, you will find that in some cases employers of labor, to secure this, demand a deposit on the part of the union or of the individual employee.

In the tailoring trade, for example, in New York it is quite customary for an employer to withhold the payment of a portion of wages as a security that the employee will not leave him before the expiration of the term. That is practiced in regard to cutters. For example, cutters are generally in great demand, if they know their trade; and if a manufacturer of clothing secures a good cutter he generally agrees to pay him good wages, but he will certainly want him to stay in his employment throughout the season, because otherwise he might stay so long as the demand for cutters is not so large and then quit him just in the height of the season, when he can get a better position at better terms; so as security the employer in this case generally withholds a portion of the wages from week to week, which is paid over at the expiration of the contractual term. Now, that is generally sufficient security, and that, of course, can also be done in case of a contract with labor organizations. For example, if the wages should be, say, \$15 a week, \$3 could be withheld and paid over at the expiration of the term, provided the terms of the contract are lived up to. That would certainly give as good a guaranty to the employer as the employer would have in a good many cases in New York. The great complaint in the sweat shops is that the workman never knows whether he will get pay for his work or not. The condition there is this: There are large warehousemen, as they are called, who only keep designers and cutters. They make the patterns, and then they send out all the work to contractors—subcontractors. A subcontractor has generally enough money to pay a month's rent. Very often he has not that. Then he borrows the money from the warehouseman. He has no money to buy machines. Machines are cheap. You can get a Standard machine or a Household machine there for about \$10, but he has not the money to buy that \$10 machine. So he rents that machine; he hires it, from men who deal in those machines, at a stated figure; they have a number of those machines and rent them out. He pays for his machine at the end of the month; probably he pays one month ahead, but that probably does not require very much. Now, he is intrusted by the warehouseman very often with a thousand dollars' worth of work. When he delivers the work it is passed upon by the examiner, and if it is found satisfactory he gets a check; but it very often happens that he makes away with the check. Workmen have worked weeks and weeks and have been left without a cent for their families, and certainly can not recover. So, as a matter of fact, in a good many cases, the employer is no more responsible than any of the poorest kinds of labor unions, and there is no redress in these cases. The United Brotherhood of Cloakmakers has succeeded to a certain extent in weeding out that evil by inserting a provision in its contracts with the manufacturers making them liable for loss of wages resulting from the insolvency of the sweat-shop bosses or of the contractors. That has worked very efficiently. In the first place, in a couple of cases, after manufacturers have lost a few hundred dollars, they have become more careful in the selection of their contractors. In some cases, for example, the manufacturers have taken pains to ascertain the financial responsibility of the contractor; in other cases they take deposits from the contractor or withhold a certain portion of his pay until they are satisfied that the hands are paid. A number of measures were resorted to which were entirely within the power of the manufacturers while they were not within the power of the workmen—the workmen could not protect themselves without that measure. But outside of that particular branch of the tailoring trade and outside of those factories which are under the union rules—and that is not a majority—in a great majority of all the tailoring establishments in the city of New York where, I suppose, about 50,000 workmen, if not more, are employed, there is absolutely no security for a workman that he will be paid for the work he has done.

Q. (By Mr. FARQUHAR.) Is there nothing at all under the lien law of the State of New York to cover that?—A. No; there is nothing; there is a lien law in regard to the building trades. There is also an artisans' lien which covers every trade practically, but the trouble with the artisans' lien is this: In order to be protected by the terms of the law the workman must hold on to the work; the moment the work is delivered there is no lien, and in all these cases the work is generally delivered first and the money is paid over to the contractor, who is technically an employer of labor, and then the contractor will spirit himself away. There is no penal liability, because he is not the agent of the warehouseman. If he were an agent, of course, that would be different; but he is simply civilly liable and that is all. There is a law to protect working women in New York State which makes an employer, who fails to pay the wages of his female employees, liable to arrest in case execution is returned unsatisfied. But that applies only to working women; it does not apply to workmen, to those people who have families to support.

Q. (By Mr. PHILLIPS.) How would it affect, for instance, the railroad brotherhoods, where they would be sued for damages? They might cease work and go

on a strike and the damages might be very, very large indeed to the railroads. Would they be willing to have such a law? So far as I have talked with representatives of large labor organizations they fear becoming responsible; that their organizations could be broken up if they were to be mulcted in damages.—A. Of course, I do not claim to be a specialist in this particular branch and have had no personal experience in this line; but judging from my general familiarity with the law and the facts in this kind of employment, I should judge that in the first place it would be utterly unreasonable on the part of any labor organization to expect the law to grant it such privileges as would not be accorded to the employers of labor.

Q. Would the representatives of the Federation of Labor, say Mr. Gompers and the executive board, be willing to have such a law?—A. Of course, I can not speak for the American Federation of Labor; I am in no way connected with it.

Q. Or the railroad people?—A. I think that any law which would grant a labor union the privilege of suing for damages would of necessity also imply the liability of the union. They would have to see to it that they should not violate the agreement, and if they should I do not see under what proposition of law or fairness, or justice they could be expected to be treated better than anybody else in the country.

Q. (By Mr. FARQUHAR.) Would not the law have to create a person in law? If you intend to get those benefits, would you not have to create a new person to be known in law?—A. I think the union would be the person. The gist of that point is this, that the law should recognize the union as an association, as a partnership, so to say, where the loss of every member of the union, as far as the contract of employment is concerned, should be considered the loss of the union itself, so that there should be identity of interest in law just as there is actually in fact. The theory to-day does not recognize that identity of interest at all.

Q. Does your theory take account of the principle that labor is a commodity?—A. Why, certainly; most decidedly.

Q. Do you take it in its broadest terms that it is a commodity?—A. Why, I would say that labor is a commodity, certainly, but at the same time labor is a peculiar kind of commodity—it is a service, and service is also a commodity. And that is the chief distinction which has not been taken notice of by our law—the fact that the commodity labor is one which must be performed; it is continuous, so to say, in its nature, whereas any other commodity is sold in ready shape.

Q. (By Mr. KENNEDY.) Would this responsibility which you speak of on the part of the labor union go to just simply the funds in possession of the organization or to the property of the members of the organization as well?—A. I should judge that the property of the members of the organization could certainly not be reached, when there is a contract made by the organization, any more than in any other corporation.

Q. Organizations generally collect just about enough funds for their current expenses, and there would not be very much money of the organization generally for employers to sue for.—A. That, of course, is a question. In the first place, as I have suggested before, in case of any contract made by the employer where he does not rely upon the financial responsibility of his employee, he has always an opportunity of withholding a certain portion of wages to be paid at the end of the contractual period. And that portion serves as a security; so there is no particular necessity for having a fund in the treasury. And, then, as I say, if an organization is poor and is irresponsible, it stands in the same position as an employer of labor who is poor and irresponsible. Bradstreet's shows a number of failures every year; we can not help it.

Q. (By Mr. FARQUHAR.) If labor is a general commodity why not incorporate under the law as it stands, and then there is an equality of standing under the common law?—A. I believe that the ordinary laws of business corporations would be utterly inadequate. They could not incorporate under the present laws because, as I have attempted to show to the commission, a business corporation is in its nature distinct from a labor union.

Q. But in the matter of liability, can you divorce these from the general principles of the common law at all?—A. Not at all.

Q. When you come to the liability of two contracting parties, have you not got to take the principles of the common law to establish the liability?—A. Certainly.

Q. Then what divergence can you make in framing a law for the incorporation of trade unions, and at the same time maintain its liability for damages, and give it any other rights than those of any corporation?—A. I can answer that question. Let us take the simpler case of an unincorporated labor organization. Suppose a hundred or a thousand men in New York city form a labor union without

taking out a charter. There is a law in the State of New York which enables unincorporated associations consisting of more than seven members to sue and be sued. Now, what is the case of such an unincorporated association consisting of more than seven members? There is no other law under which it could be treated but the partnership law. Being a partnership, it is liable for the acts of each of its members, and it is also entitled to collect the damages sustained by each of its members. When, however, they incorporate under the general corporation law, then the law says: Here, the moment you thousand men have taken out a charter, you are no longer a partnership; you are not concerned at all; it is this ideal, artificial body, the union, which is the contracting party; you have nothing to do with it; you are simply men hired by the corporation, by the union, to perform the contract of the union; you can sue your union, but you can not sue the other contracting party. What I suggest is that the incorporation should simply define the privileges and the rights of this unincorporated association; in other words, give legal protection to this unincorporated association. Let it remain a partnership—a limited partnership—or call it by any other name. It should not take away any rights from the workmen, but it should simply regulate them and give them a legal entity. That does not necessarily override the provisions of the common law. There are, for example, in a number of States limited partnerships. The nature of a limited partnership is this, that on the one hand it is a partnership and enjoys all the benefits of a partnership; on the other hand, it has also some of the benefits and some of the advantages of a corporation. Now, I say a corporation law for corporations of that mixed nature could be framed so as not to conflict with the provisions of the common law. Of course, I am not called on at the present moment offhand to frame a law; I do not intend to do it.

Q. Now, wherein is the New York law of incorporation defective and wherein would you want that law amended?—A. The New York corporation law is defective in the following respects: First of all, it has a chapter on membership corporations which includes, by inference only, what is called, under the New York statute, cooperative corporations. Now, if permitted, I will just dwell for a minute or so on this particular kind of corporations, because the history of it and the history of that legislation is somewhat interesting and peculiar. There was a law enacted in 1867 for the incorporation of cooperative companies. That law was amended in 1878. The law provided for this particular kind of corporations, which consisted of people combining both their capital and their labor for the attainment of a common purpose. In 1891 the legislature appointed a commission for the purpose of revising and unifying the corporate laws of the State. The commission divided all the corporations into three classes—stock corporations, non-stock corporations, and mixed corporations. Stock corporations contained, of course, business corporations, insurance companies, etc. Non-stock corporations were intended to contain membership corporations, which means social clubs of all sorts, and religious corporations. Then mixed corporations were to contain that particular class of corporations which partake of the qualities and features of both classes. Among these mixed corporations were also cooperative corporations. The general corporation law, in section 2, if my memory does not fail me, contains that classification of corporations into stock corporations, non-stock corporations, and mixed corporations.

Again, under the mixed corporations are enumerated further subdivisions, and among them also cooperative corporations. Then when the commission proceeded to codify the special branches of the law, they first codified the stock corporations, then the non-stock corporations; then they intended to prepare a mixed corporation law, but finally they desisted from that object, made no recommendation as to mixed corporations, but included certain of the mixed corporations under the membership corporations as special branches, and mentioned absolutely nothing as to cooperative corporations, but repealed all the old laws of cooperative companies. So that at present, while we have in the general corporation law a designation of cooperative corporations, we have no laws which would define the powers, the duties, and the nature of those corporations, and we can only surmise as to what they may be. There is a law, I understand, in England along this line somewhat, and, as I understand, there is also a law in Massachusetts and Michigan. I have not given any particular attention or study to this law; but, as I say, you will find no definitions in the judicial decisions as to what is the nature of this cooperative corporation. This remains to be construed.

Now, when we come to incorporate a labor organization under the New York law, how shall we incorporate it? If we are to incorporate it as a business corporation, it will be absolutely impossible for it to work, because one who pays say \$5 or \$10 for a share of stock becomes a stockholder; he can transfer that stock just as any other stock can be transferred; and then, practically speaking, the

result would be that employers of labor might buy up a controlling interest in the organization and the organization would fail of its purpose.

If the union should incorporate as a membership corporation, then, strictly speaking, you can not tell what powers it has. It certainly has the power to call meetings and deliver lectures and have lectures delivered, and that is about all, strictly speaking, it can do under this interpretation of the membership corporation. As I say, I personally have attempted to incorporate a few labor organizations under this cooperative corporation provision, but it has a very shaky foundation. I must confess, because the law does not define it. There has been a decision by Judge Bischoff, if I mistake not, last fall, but that decision did not go very thoroughly into the merits of the case, and it simply sustains my demurrer to a defense of ultra vires. The defense which was raised in that case was that this corporation, being a membership corporation, had no power to make contracts with employers. And this defense, by mutual consent between the attorney for the defense and myself, set forth in its text the provisions of the incorporation act, claiming that under those provisions our union could not sue. I agreed to a certain form of amendment of the answer for the purpose of raising that question before the court. There would not be any interest in fighting over \$500 damages if we could not sustain our general status. This defense was raised in a form free of all technicalities which might obscure the issue and might throw it upon some technical point of pleading. I raised all the points to sustain the contention that a cooperative corporation, while being a membership corporation, could still under the general spirit of the New York law maintain an action for damages, and, as I say, my demurrer was sustained; that is to say, my point was upheld by the court. Still, I say, that can not be considered a precedent. It was passed at special term. There was no thorough investigation or examination of the merits of the case by the judge, because it was not necessary for the judge to do it. There was no appeal taken from it and consequently the question is still in a very uncertain state. And I should not be surprised if another judge would claim that, since there is no provision for cooperative companies, consequently that construction which I have put on it is somewhat strained, and that the general principles of the law of corporations should prevail; and under the general principles of the law of corporations certainly the making of a contract for employment is a business, and consequently ought to come within the purview of the business-corporation law.

Q. Are you acquainted with the principles of the registry law of Great Britain in respect to trades unions?—A. No; I have made no special study of it, so I would not care to testify on it.

Q. Have you ever formulated a law on the lines that you have discussed this morning for the incorporation of trades unions?—A. No; I have never formulated a law. I have simply formulated charters for the incorporation of labor unions, and those charters were submitted, of course, in the regular course of procedure, to the justices of the supreme court for approval, and we incorporated. That is all I have done; I have never framed any law; I have had no occasion to do it.

Q. You intend that the employers shall be bound to recognize the trade union as a party in any contract; is that your plan?—A. My view is that the labor contract should obtain a recognition on the part of the law. If the labor union should be recognized as a contracting party, that, in my judgment, would create order instead of anarchy.

Q. A voluntary membership union can not contract liability in law, can it, as we have them now?—A. Yes.

Q. Only in criminal actions?—A. No; they have the civil liability; they may civilly contract.

Q. In the case of the defalcation of a treasurer of a union, what remedy has the union unless it sues on bonds?—A. I think they have a civil action against him. They have a remedy by civil action of conversion.

Q. Simply the bondsmen; that is all?—A. No; not only the bondsmen. Any treasurer of an organization is in the nature of an employee of that organization, and I think the labor organization, just as any other private firm, would have the power and privilege to bring an action against this defaulting treasurer for restitution of the funds in an action of conversion.

Q. How much further can these voluntary unions contract, as unions, beyond the rent of a hall or a like current expense?—A. I think that a labor union, as a membership corporation, has the power to make any contracts which are necessary in the furtherance of its purposes. For example, a membership corporation can buy real estate. If a membership corporation should decide that it would pay better to buy a building for meeting purposes than to hire a building, it could do so; and if it owned real estate, I think it might even rent out a portion of it to other parties.

Q. Wherein does the nominal ownership of that building rest?—A. In the union, by general name or title, when it is incorporated; and when it is not incorporated, under the laws of the State of New York a union could acquire a title as a partnership.

Q. Do they not acquire the title through trustees?—A. Not necessarily; that depends entirely upon their own rules and regulations.

Q. Do you think under the incorporation law of the State of New York that a union by name could acquire property?—A. Oh, undoubtedly it could acquire by name.

Q. Without naming the parties at all?—A. Without naming the parties at all.
Q. Can you explain why it is that all the great trades unions in this country are against incorporation?—A. That is a subject which, of course, may be considered from different view points. I should say that a great deal of opposition to incorporation probably proceeds from lack of familiarity with the advantages which could be derived from the protection of the law. Most of the active members of labor organizations are not lawyers; they are laymen. Furthermore, whatever occasion they have had to come in contact with the law has chiefly been on the other side. The law has, in most cases, favored the employers' side; at least that is the contention of the union. I think, for example, in cases of injunctions the courts have somewhat extended the equity jurisdiction of courts beyond what lawyers would generally concede to be the proper jurisdiction of an equity court; and, for that matter, I think there is a great deal of prejudice on the part of labor unions. But I think that if order is to come it must come from the law. I do not see any other source.

Q. Now, in the matter of individual bargaining, do you claim that it is competent for an individual and an employer to make a reasonable contract that will hold in law?—A. Oh, yes.

Q. Why is it, if you associate individuals and you make it collective bargaining, that the same principle shall not prevail?—A. The trouble is there that when those people go and make a collective bargain they do it as an incorporated body and as such, of course, they could make a valid contract. But there are a thousand and one difficulties in the way of an incorporated association. Members of that incorporated body may quit employers; others may come in. Now, there will be a question of law whether those who were not members of that incorporated body at the time of the making of the contract were covered by that contract. The number of technicalities which lawyers will invent when they are on one side of the case, in order to beat the other side, is certainly measured only by the ingenuity of the lawyer; and I must say to the credit of the American lawyer that his ingenuity is very resourceful.

Q. You spoke of combinations in restraint of trade, and you also said that capital had as much right—and it was as good for the State—to combine as labor?—A. Yes.

Q. Now, do you call a labor union a body in restraint of trade?—A. I think, to be frank, it is a body in restraint of trade; and that is what the older law in the State of New York considered it. The famous case of the Journeymen Tailors which was decided in the State of New York was certainly a correct presentation of the common-law view of it. In that case the court held that it was an attempt to combine the skill and the workmanship and labor so as to create a monopoly in the labor market, and that was in restraint of trade. I think it is most decidedly in restraint of trade.

Q. How could it be that there could be a monopoly in the labor market when the union is open to all workmen of good character who may choose to join it?—A. Yes; it is not a monopoly as far as the individuals are concerned; but as far as the employers are concerned it is a different thing. If there is, for example, one labor organization in the trade, and if that labor organization controls 75 per cent of the men employed in that branch, and if everyone is practically put to the choice of either obtaining employment and joining the union or going without employment in that particular branch and staying without the union, why certainly that creates practically a monopoly.

Q. But there can not be a monopoly when the labor union can not force anyone to join?—A. That would not make any difference.

Q. Why not?—A. The monopoly would only consist in the fact that they could control labor as a commodity, and he is selling that.

Q. Now, is it not generally understood that labor unions do not compel their membership at all?—A. No.

Q. It is a voluntary matter, of course, to join?—A. Yes.

Q. It is claimed before this commission that only one-tenth of all the working-men proper—that is, that might be properly called journeymen, or men that have

served time sufficient to learn their trade—are in the organized bodies of this country. How can you say that one-tenth could be a monopoly of any trade?—A. Oh, of course not; one-tenth could not. But there are two questions to be considered here. The first is a question as to the actual monopoly, and the next is a question as to the legal monopoly. Now, taking the actual monopoly; there may be some branches of employment where the trade, to use a trade-union term, is thoroughly organized; where, in other words, say, 80 or 90 per cent, or 75 per cent, of all the workmen are in the union. Now, suppose an employer needs 1,000 men; he can get 50 men who do not belong to the union, or 200 men, but he can not get 1,000. Now, the 750 who belong to the union say, Here, Mr. So-and-so, we are willing to work at the terms which you have offered to us, but we do not want to work with those people who do not belong to our organization. Now, the employer has the alternative either to keep the 750 or to keep the 250. He will keep the 750, and the other 250, seeing that there is no opportunity to get a job, will join the union. Although there is no compulsion, theoretically speaking, they will join the union. So I say this is as far as the practical monopoly goes. When there are only 10 per cent or 5 per cent organized in a union, the union can put up no such demand. On the other hand, viewing it from the common-law standpoint, when an organization intends to combine all men belonging to a certain trade, so as to be able to make joint contracts, barring altogether out of the market, so to say, individual bargaining, this is an intended restraint upon trade. It may not be effectual. It will become effectual when they have reached certain dimensions. So I say this is an intent to do away with individual competition, and that is, of course, in restraint of trade. I must say, however, that the restraint is practiced not so much upon the workmen as upon the employers. The essential nature of a monopoly is chiefly this, that it affects the consumer. A monopoly in the manufacture of a certain article affects, chiefly, not those people who have joined the monopoly or those manufacturers who are bought out or become members of the combination, but the consumer, because the consumer can not buy his articles from anybody else but the monopolistic combination. So the object of the union is to control the operations of the trade in that particular branch, and consequently the object is to make it so that the manufacturer can get no help outside of the union. Then it is an intent to create a monopoly. And I think it is well that this should be so for both employer and employee. What I contend is that this monopoly, so to say, is inevitable; it is necessary, but it must be regulated.

Q. If there is the element of monopoly in combinations of capital, as you say, and the element of monopoly in combinations of labor, and these two are combined, what would you call the monopoly then?—A. Well, it would be a combined monopoly.

Q. As against the consumer?—A. As against the consumer, and the State ought to come in to take care of the consumer.

Mr. PHILLIPS. Any other questions to be asked?

Mr. KENNEDY. I think he has covered very well all the points he was to testify on.

Mr. PHILLIPS. But there may be some other questions, or the witness may have something to offer of his own motion.

The WITNESS. I suggested to the secretary of the commission, while having a personal talk with him on the topics upon which I was to testify, the question of employers' liability. I do not know whether that is of any particular interest to the commission.

Mr. PHILLIPS. Yes; we would be glad to have you proceed briefly on that.

The WITNESS. I should like to confine myself to those things upon which I speak, so to say, from professional knowledge; and I mention the employers' liability as it is at present defined by the law of the State of New York, which I consider typical in fact of all the States. I do not think it is necessary for me to restate the propositions of the common law on that subject, because, as far as I am familiar with the reports of the commission, that ground has been covered by other witnesses. But what I want to say is this, that the law of the State of New York, and for that matter probably of all the States, as far as I can judge, for example, from the reports appearing from time to time in the bulletins of the Department of Labor, the law, I say, has not improved upon the common law, has not adapted itself to the new conditions of industry, but, on the contrary, has even taken away some of the beneficial provisions of the common law.

One of the chief provisions of the common law was that the employer was bound to supply his employee with proper machinery, or proper tools, rather; there was no machinery in those days. The question as to what are proper tools, of course, is always a question of fact. But if we take the machinery of our modern industry, where specialists are required to handle it in every branch, it

becomes something beyond the mere tool of primitive industry. There are a number of defects of machinery which are not known to the ordinary journeyman, which he may even see without being able to fully understand the dangers. But, assuming he does see that, the prevailing theory of the law of the State of New York—and, as I say, of all other States—is that if there is any defect in the machinery which is known to the employee, then he assumes the risk of employment.

It seems to me this is a great deviation from the principles of the common law. The common law did not contemplate to absolve the master of liability for defects which were known to the employee. This, practically speaking, does away entirely with the provision that requires the master to supply proper tools or proper machinery. It says he may supply improper tools if the employees know it and consent to it. On what proposition is that based? The general theory is, of course, that the employee is free to assume the risk or not to assume it. He is free to quit employment if he sees that there is a risk. But the situation, practically, is this: The machinery is always provided by the employer and not by the employee, and if he should quit employment in one place he may go to another place and find the machinery the same. Furthermore, the machinery may be in good condition when it is put up; it may get out of repair. Who is to know first when the machine has got out of repair? Of course, the workman who handles it. If he gives notice to the employer or the superintendent, or whoever it may be, and says the machine requires repairs, the courts have held that he has thereby displayed knowledge of the defects, and as he has continued to operate that machine he has consequently assumed the risk of employment. Now, the practical inference would be that as soon as the machine is out of repair the workman must go to the employer and tell him, "You must fix that machine or otherwise I will get out of your employment." In the ordinary course of employment that can not be expected. All he can be expected to do is to tell his superior or his superintendent to put that machinery in good order; and after that notice is given to the employer it becomes the duty of the employer to take care of it. If any carelessness is after that committed by the employer, that can not be covered by the provision that the employee assumes the risk of employment. That provision of risk of employment was a reasonable provision from the common-law standpoint, because, if an employer has done everything in his power to supply his workmen with proper tools, machinery, competent fellow-workmen, and a good, safe place to work in, everything that will happen will be supposed to be the act of God—to speak technically—and the employer can not be held for it. But the act of God does not include human carelessness. As I say, the courts have gone beyond the provisions of the common law in practically nullifying this provision.

There is another thing that is of great importance; that is the fellow-workman clause. The courts of New York have gone to the extent of holding that a foreman, a general superintendent, is a fellow-workman. Now, this, when we take into consideration that most of our enterprises to-day are corporate enterprises, practically does away with the employers' liability altogether. In a corporation there is no employer except the artificial person, and the artificial person can not act otherwise than through agents. Every agent is, strictly speaking, an employee, a workman, of the corporation, and consequently a fellow-workman of the employee who is working at the machine. And if the courts hold further that the superintendent, for example, of a steamship company is a fellow-workman, then that will mean that in the case of a corporation there is no employers' liability, because the liability would always be based upon the act of commission or omission of a fellow-workman. So, strictly speaking, that theory has gone to the extent of practically proclaiming that a corporation is not liable for any injury done to its employees.

This is surely a wide digression from the principles of the common law, and it certainly does not answer the purposes of the State, I might say, to-day. The State has undoubtedly an interest in seeing its citizens safe, at least protected from danger to life or limb, when performing a certain industrial function.

There is another aspect of it. In some of the railroad cases in New York State it has been held that the incompetency of a fellow-workman is not always sufficient to protect the employee who has sustained injury or to impose liability upon the employer. I have a case here in my notes where it was proved that a certain superior foreman of a railway corporation was a notorious drunkard. An accident happened. An action was brought by a workman who had sustained injuries, and the court held that since it was not proved that in that particular case the man was drunk, or that through his drunkenness the injury occurred, therefore the corporation was not liable. Now, I am sure that if that very same drunkard had applied to any charitable institution for \$5 help for his family and it was found that he was a habitual drunkard, he would have been refused assist-

ance. In this case I say the court has certainly gone beyond the intent of the common law.

Furthermore, let us see what is the particular application of it to railway labor. The general proposition upon which the courts proceed in all these cases is this: The man is free to quit employment if he does not like it, if he knows that his fellow-workman is incompetent, or if he knows that the machinery is imperfect. An incompetent fellow-workman, say a yard-master or a brakeman or anyone else, may endanger the lives of a number of employees. Assume for the sake of argument that a number of employees know it; they all know of his incompetency, or they all know of the danger of a certain machine or the imperfection of a certain engine. Such cases have come up. Suppose they all give notice to the employer that those things have to be repaired, or that this employee must be removed. Suppose there is a difference of opinion on the subject between them, and the superior officer or the superintendent, who has charge of hiring and discharging help, hears them and their demands are refused. If they should go out in a body—all those 100 men or 1,000 men—and make that a cause of quitting work in a body, then their action comes under section 673 of the New York Penal Code, which declares that if a number of employees of a railway quit work and thereby endanger valuable property they are criminally liable. On every railway crossing, in every depot, there are millions of dollars' worth of valuable property, and if a thousand men should refuse to handle it that property may certainly depreciate and may be exposed to the action of the elements—an injury may be done to valuable property. So, practically speaking, the remedy which the theory of the law assumes they have is barred by the statute.

Under such conditions, when they have not the choice of quitting, when they can not tell the company, for example, as some of the decisions say, that it should provide them with safer machinery, it should guard all dangerous machinery, or it should have more modern appliances, etc.—the courts hold that they need not have the most modern improvements—I say, that under those conditions it practically means that all liability is done away with, and that the theory of the assumption of risk means the assumption of risk resulting from the employer's carelessness.

So the conclusion to which I have come after a study of employers' liability laws in the State of New York—I think I have gone over pretty nearly every decision there is in the reports of the New York courts—is simply this, that there is no employers' liability under any circumstances under the present laws of the State of New York, as construed by the courts; and I think that there is certainly a need of some law which should protect the employee to-day just as the common law protected him two or three hundred years ago. We have outgrown the conditions of the common law in the first place, but, in the second place, whatever beneficial features there were in the common law have been done away with by the interpretation of the courts.

Q. (By Mr. FARQUHAR.) What say you to the theory that the business itself shall be the responsible party ultimately?—A. I think that is a perfectly reasonable theory, in view of our modern conditions. I made that point about 10 years ago in an article in regard to the liability of railway companies in Russia. I stated at that time that I thought that a certain number of lives are inevitably lost in the course of our modern industry—you can not prevent it. People are to a certain extent careless, and you can not prevent it, and not every one of us is a great civil engineer so as to know all the dangers. Now, I said that that being the case the proposition should be treated in a brutally frank manner, in the same way as it would be treated in the old days of slavery. If a slave was injured, it was so much injury to the owner of the slave. Of course, we are to-day free, but, practically speaking, there is always a certain danger attendant upon industrial employment, and that danger is not of such a nature as to be thrown on the shoulders of the individual. It is the industry of the country at large which consumes these lives and limbs, and consequently the country at large should be made responsible for it. I do not mean that the individual employer, John Smith, should suffer the damage, as, of course, it may be too hard on John Smith, who may not be responsible; but the country at large should make some sort of provision for these cases. A national insurance law, for example, or some provision to that effect, would probably cover the ground.

Q. (By Mr. PHILLIPS.) That could not be done under our Constitution except as to interstate commerce, could it?—A. It might not, except as far as interstate commerce is concerned, but it could be done under State laws in those branches not within the interstate-commerce provision.

Q. (By Mr. FARQUHAR.) In framing an employers' liability law, would you go so far as to make it a provision that employers would be liable for all accidents, even though not caused by negligence or defects?—A. That is, of course, a diffi-

cult question to answer. It would be very largely governed by sentiment. One might say it would be no more than right to do so, and another might say it would be wrong to do so. I think, however, that the question of personal negligence ought to be eliminated altogether. I think if there is a certain defect in the machinery, for example, it is the proper duty of the employer to see that the machinery should be in good repairs; and I further think if there are dangerous processes which have been superseded by more perfect processes, as in the manufacture of matches, it is no more than right that the employer should use the better process. For example, I know there are certain kinds of matches, the so-called Swedish matches, which are said to be perfectly harmless to the health of the employees, while the ordinary matches are harmful. In some countries the law has prohibited the manufacture of these matches. I give this simply as an illustration. If there are two processes, of which one is very elaborate and protects the life of the employee better than the other, which is cruder and consequently cheaper, it should be considered the public duty of the employer of labor to take the safer course.

As a matter of fact, to-day any employer in the larger branches is to a large extent performing a public function. Railways are operated, of course, primarily in the interest of the stockholders and bondholders, but at the same time you and I and everyone in the community has an interest in the way railways are operated; and so with other large branches of industry. That being the case, I say those who manage these industries have also certain duties with regard to the general welfare of the country, and consequently there should be certain obligations imposed upon them by law to provide the best ways and obviate, as far as possible, all dangers incident to production and manufacturing. Of course if anything can not be avoided, then it would be a question as to who should bear the burden. People might argue that the burden should be borne by the employer, or the employee, or by the public at large, according to their views as to which would be the best and most suitable solution.

Q. What would you say about contributory negligence as affecting liability?—

A. Well, I have partly covered that by the "assumption of risk." That assumption is contributory negligence, but of course the question of contributory negligence is broader than the question of assumption of risk.

I think I have partly answered it by saying that there is a certain degree of negligence inherent in every man, regardless of the degree of intelligence. I know I was myself pretty nearly killed by a street car in Chicago a few years ago, and I am generally a pretty careful individual. When people work on railways and have to cross the tracks right along they can not observe the same degree of care as a passenger or a passer-by can or would. They naturally grow so familiar with these dangerous appliances that a certain degree of carelessness becomes natural to them. It is very difficult to draw the line between this carelessness in handling a locomotive, for example, which is a part of the trade, so to say, and the carelessness which consists in not taking the necessary precautions. That question of contributory negligence is one of the pitfalls, I should say, of the law.

The law of the State of Illinois has a better theory—the theory of comparative negligence. That theory of comparative negligence consists in this, that if there was negligence on both sides, it is the province of the court to decide whose negligence was paramount in causing the injury; and if it is found that there was negligence in the case of the employee, but there was still greater negligence on the part of the employer, the defense of contributory negligence will not avail.

I would say this is not by any means a very radical departure from our actual law. If you will take the laws relating to common carriers in handling freight, you will find there the law of contributory negligence reversed. The general proposition, for example, in suing a common carrier for damages, where the action is brought by an employee, is this: The employee must prove he was perfectly guiltless of contributory negligence. When an action is brought by a shipper for the loss of freight, the common carrier must prove that it was perfectly guiltless of any contributory negligence. The burden of proof would be on the company; and if there is any negligence on the part of the company, no matter how negligent the shipper may have been, even if he himself loaded the freight and there was a defect in the loading through which the injury occurred or the damage was sustained, it was the duty of the common carrier to see that it was properly loaded; and if it was improperly loaded by the shipper and the carrier accepted the cargo, then the common carrier is liable.

So there is this provision making the common carrier liable for any damage to freight even sustained through the contributory negligence of the shipper, on the one hand, and on the other absolving him from any damage even resulting from

his own negligence when there was negligence on the part of the employee. This is certainly somewhat contradictory.

Q. (By Mr. LITCHMAN.) How far do the changed conditions that formerly made the common law applicable affect employers' liability now?—A. I think that the changed conditions consist mainly in the divorcement, I would say, of the individual workman from the skill and scientific principles of his trade.

Q. Is it also affected by the fact that employment is no longer personal, but corporate?—A. I think so, most decidedly.

Q. That practically the real employer is now a corporation?—A. Exactly.

Q. He is removed from any personal contact with the employer?—A. Exactly.

Q. By reason of that fact there has grown up an application of law foreign to the intent and humanity of the old common-law practice?—A. I subscribe to that view.

Q. (By Mr. CONGER.) I understood you to say earlier in your testimony that in the case of accidents resulting from the acts of a fellow-servant the corporation has been practically held free from employers' liability, so called?—A. Yes.

Q. Is it not a fact that in some of the States the courts have held the manager of a corporation or the superintendent to be a vice-principal, or, in fact, an employer?—A. Yes; there are some States where legislation has intervened to remedy the defects of the common law as construed by the courts. In other words, there has been a twofold activity in this country in forming the law of employers' liability. The courts have construed the law farther away from the sound principles of the common law; on the other hand, the legislatures of the several States which have taken up that question have endeavored to define the law so as to secure all the advantages of the common law and also to add some new safeguards necessitated by the growth of industry.

Q. Has that been done by legislation in many of the States?—A. My knowledge is chiefly from books, of course, and very largely from what I have seen in the compilations of the Industrial Commission, but it has been done very largely in some of the States.

Q. Do you know if that provision has generally been effective to protect the interests of the employees?—A. I should not judge myself competent to answer that question.

Q. In theory do you consider it a good practice for legislatures to attempt that designation of superintendents and managers as vice-principals or employers?—A. I think if the courts have failed to do so, it is certainly the duty of the legislatures to do so.

Q. (By Mr. PHILLIPS.) Have you anything further to state that you have omitted?—A. Yes; I might say a few words on a question which I understand is a subject of investigation of this commission, namely, the question of the unemployed. I would speak of what I have personally done in years past. Of course I do not think it is proper for me to go into any great details. I may say that in 1893, during that great industrial depression, I was in charge of the chair of statistics in the University of Chicago. I undertook at that time, with the assistance of my class of graduate students, to study the conditions of unemployment. We collected a large mass of material. As a matter of fact, a great deal was done at that time by various institutions in the city of Chicago to ascertain the conditions. There were two police censuses taken. I have the data of those censuses. There were also about 20,000 blanks filled by the Central Relief Association, which was at that time organized—if I am not mistaken, with Mr. Lyman Gage as chairman—by the Civic Federation of Chicago. They went to work in a systematic manner. They would not give indiscriminate aid, but tried to ascertain the facts by investigation in every case. Twenty thousand cases were examined into by them. We tabulated these figures. Of course it is only in rough shape; as I say, that was done by myself and my students. Further, there were data on file in the office of the factory inspector, which we also perused. In addition to that we also made personal investigations. We took typical cases, went out to various districts and branches of the unemployed population, and we have about 800 personal descriptions made by the students and myself, I think. We looked up people who applied for relief and visited them at their houses. We looked up people sheltered by the city. At the city hall very rough provision was made for them at the beginning, before further provisions could be made. We also took up such an aspect of that question as the Coxey army, for example. I went with a party of students to the camp of the Coxey army, and we examined them personally, and I think I have about 250 answers. In fact, every conceivable phase of that question at the time was practically covered. There was a vast amount of material collected, but of course it required a great deal of labor to work it up, and

then it required my time to make a report on it; and I at that time left the scientific field for practical work. I went to New York to practice law, so I had to leave it as it was, in crude shape. But I could say that there was a great deal of very valuable information gathered by us, which could very easily be presented to the public and which is not obtainable in ordinary times.

Of course the question as to the cause of unemployment at that time was plain. It was due to the industrial depression. The answers given by employers of labor to the police of the city of Chicago as to the numbers employed by them at that particular moment and in ordinary times disclosed about 40 per cent of reduction in the working force of the establishments. So that, of course, was an acute outbreak of unemployment. But at the same time, by taking up the information contained in the various blanks, and from all these sources, a certain residue of unemployment was also discovered which would not result from any acute outbreak. There are season trades, for example. In taking up the returns of the factory inspector, we found that there were, periodically, weeks or stretches of unemployed time which could not be by any means ascribed to any acute outbreak of the industrial crisis.

Furthermore, as to the personnel of the people. A great many accepted notions were proved to be somewhat hasty. The general belief in Chicago was that people were flocking to Chicago as to some sort of a central tramp exchange, so to say, by reason of the assistance by the Chicago municipality. Now, the investigation showed that they were nearly all residents of the city of Chicago, and proved that only a very slight percentage of all the applicants for charity had not been residents for a period of years in Chicago. So that was one element disposed of.

There was another very interesting fact which I think was perfectly new to me and probably to a good many others. It was this. Every man has to pay his rent if he wants to live somewhere. The figures as tabulated show that of those who applied for charity, the average out of 20,000 cases were indebted for about 3 months' rent. Now, that meant that the landlords of the city of Chicago tolerated these tenants in their apartments for 3 months, although they had the perfect privilege of throwing them out on the streets. This was an aspect of the relief not advertised in the papers, but at the same time given by the business community of the city of Chicago to the unemployed.

Furthermore, there was another question which was also made clear by the figures which I had. The average time of unemployment—taking all the cases I have—was about 5 months. Now, that did not show that these persons were unemployed only 5 months, but that it took about 5 months before the men went to the charity organization. It showed that for 5 months these people were able to eke out an existence or make both ends meet somehow or other. For 3 months of this time they did not pay rent, but for 2 months of it they did pay rent. By looking up the question of how much property was mortgaged and pledged and pawned, etc., we found there were very few cases of that kind. So the inference was that the rent for those 2 months must have come from some source, and that source was probably savings: there was no other source. That showed there must be in the hands of the workmen usually a certain fund of savings in ordinary times to provide for an emergency of that nature. This is also one of those sources of relief of the unemployed which is not generally taken very much note of. I think it is a most effective force in dealing with unemployment. If those people were able to keep above water for 5 months before applying for help, that means if there is an industrial depression or slack season which lasts less than 5 months they are able to tide over. So that bears on the question of the relief of unemployment.

Q. (By Mr. FARQUHAR.) Did you find that recourse had been had to chattel mortgages before they applied for public relief?—A. No; it had not been done because probably there was not very much to mortgage. There was a question of that kind propounded to every one as to how much was mortgaged. That was in the figures obtained by me. That was in the blank. They were not filled in all cases, but there was some information gathered on that point.

Q. (By Mr. PHILLIPS.) How much of this burden, if any portion of it, did you ascertain was entailed on the grocerymen, merchants, and clothiers? I have had some experience myself and have found that workmen who have been dealing and paying promptly are likely to get credit.—A. Exactly; that question is covered. I have figures bearing on the grocer, milkman, baker, and butcher.

Q. Did you not find a large proportion of the care of the unemployed was entailed on the merchants?—A. I think so. Probably the landlords and the grocers were the ones who really supported the unemployed during the crisis.

Q. It was not, then, so much their savings?—A. At the same time there is a limit to that. People had a certain amount of credit. If my memory does not fail me,

there was about \$20 to \$25 due from some families. In the first place, all could not get credit; and, in the next place, the amount of credit was not sufficient to carry them over 5 months and enable them to pay rent for that portion of the time.

Q. In your investigations have you taken into consideration any means of remedying the evil of unemployment, or to give relief or labor to the unemployed?—A. As a matter of fact at that time I did not concern myself so much with the remedy. I thought, as a doctor, I ought to diagnose the disease. I was studying the facts and I thought I would leave the remedies to legislatures. My investigation was chiefly statistical. I did not think at that time at all of offering any panaceas. I wanted simply to study the conditions.

Now, of course, to-day there is no acute unemployment. We are living in an era of prosperity. At least my present work has shown me that in the last year we had about \$80,000,000 more of gold in circulation than the year before, and that conclusively shows there was more business transacted in this country. But at the same time even now you can not say there is no unemployment at all, because the nature of a good many trades is such that they are season trades. Agriculture is a season trade, and a great number of people have to look for work during the winter months. You find a number of other industries the same. Take the tailoring trades again; they are generally busy a portion of the year and altogether slack the rest of the year. In fact, our industries are now somewhat seasonal in every branch of trade, so there is always some percentage of unemployment.

A comparison, for example, of the data which were collected during that industrial depression and of the data for a prosperous year would eliminate the residue of unemployment due to lack of providence on the one hand and on the other hand to ordinary conditions. It would be very easy, for example, to get at the information of the Relief and Aid Society of Chicago to-day—tabulate it, and compare with the figures which I have. Now, that would show the whole thing during 2 years—say a year of depression and a year of prosperity, and would give a thorough insight into the question of unemployment.

Q. (By Mr. LITCHMAN.) How much value could be attached to this investigation of 1893? How much value would it have without a comparison with the conditions that exist at the present time?—A. Without a comparison, of course, it would give only an idea of the condition of unemployment during a period of extreme depression.

Q. (By Mr. A. L. HARRIS.) How far did intemperance enter into the cause of unemployment?—A. There were figures as to that also. A number of applications were rejected by the examiners for drunkenness; but such cases, I think, amounted to about 1 per cent or less.

Q. (By Mr. FARQUHAR.) I suppose they would then waive that matter of intemperance on the ground of charity and sympathy, of course?—A. I do not think so; because there were express cases where aid was refused on account of drunkenness, for example, and on account of bad habits, etc. They made a point of ascertaining the character of the families which they assisted.

Q. (By Mr. LITCHMAN.) Do you recollect if any of this idleness or nonemployment was peculiar to skilled or unskilled labor?—A. I have figures as to that. I do not think it would be right for me to give you any general statement. I think, however, that it was about evenly divided between skilled and unskilled, but I would not be ready to say to-day.

Q. It affected apparently both classes alike?—A. Yes.

Q. (By Mr. A. L. HARRIS.) Did you note how far organized labor was responsible for unemployment?—A. Organized labor did not come in there at all. In the first place most of the people in Chicago at that time were not organized; and somehow or other there were hardly any cases of organized labor applying for charity. Consider it as you may, there was either less unemployment or they were better paid and could stand it longer, or they may have been aided by their organizations. I would not be willing to make any generalizations without having the facts for it. The fact is, however, that organized labor was not very frequently in evidence.

Q. You investigated along that line?—A. I thought about this myself and I put these questions personally, and I met very few cases of men belonging to labor organizations.

Q. (By Mr. FARQUHAR.) Any strikes prevailing?—A. No; of course no strikes could happen when 50 per cent were laid off.

Q. (By Mr. A. L. HARRIS.) Take the condition of affairs which now exists in Chicago, would organized labor conduce to unemployment or nonemployment?—A. You mean in the nature of strikes?

Q. Yes.—A. Well, I should not be inclined to class this kind of unemployment under the general head of unemployment any more than if, for example, I am looking for a position at \$3,000 a year and would not accept a position for \$1,500.

Q. Is it a fact that many men do seek employment who are not members of trade organizations and are not able to get employment on account of not being a member of the trade organization?—A. Well, I really could not answer that question. I think in the organized branches there may arise such contingencies—where people who do not belong to the trade-union might be barred from employment—if I understand correctly the question. These cases might arise, but the remedy is simply by joining the organization.

(Testimony closed.)

WASHINGTON, D. C., December 8, 1900.

TESTIMONY OF MR. W. F. WILLOUGHBY,

Department of Labor, Washington, D. C.

The commission met at 10.50 a. m., Vice-Chairman Phillips presiding. At that time Mr. W. F. Willoughby appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) You will please give your full name and address.—A. William Franklin Willoughby, Department of Labor, Washington, D. C.

Q. How long have you been connected with the Department of Labor?—A. Ten years, since 1890.

Q. On what principal lines of investigation have you been engaged?—A. Principally on investigating labor conditions in Europe.

Q. You have just returned from an investigation in Europe—from some investigation in connection with the Paris Exposition?—A. Yes.

Q. What were your principal duties?—A. I was appointed a special agent to assist in the collecting of material to be exhibited by the United States in the section of social economy at the exposition. On the opening of the exposition I went to Paris as a juror in class 105, having to do with the prevention of accidents and schemes for compensating injuries resulting from accidents. I also served as a juror on the group jury treating of all social questions, and the superior jury revising awards for the whole exposition.

Q. You are familiar with the British compensation act, are you?—A. Yes.

Q. And also with the old act of which that was amendatory?—A. Fairly so.

Q. How many visits have you made to Europe?—A. I have made five investigations in Europe.

Q. In what years?—A. Stating it from memory, in 1891, 1892, 1894, 1897, and 1900.

Q. Would you name the special duties that called you there these several times?—A. The first visit was to investigate technical education in Great Britain, and also to assist in collecting information as to the housing of the working classes of Europe. The second investigation was that of industrial communities, somewhat similar to Pullman's in this country. The results of that investigation were published in the bulletin of the Department of Labor. The third visit was to represent the Department at an international congress in relation to accidents to labor and workmen's insurance, which met at Milan, and also to make some special inquiries, which are not of importance, so I will not mention them. The fourth visit was to collect data concerning the cost of production in Great Britain and Belgium, and to represent the Department at the international congress in relation to labor legislation and the international congress in relation to accidents to labor and workmen's insurance at Brussels. That was in 1897. My last visit, in 1900, was as a juror in the section of social economy, as I have described.

Q. You also took up for the Department of Labor the labor laws of the various countries?—A. In the meantime I have made studies for the Department of Labor of labor legislation in all the principal European countries, which have appeared in successive numbers of the bulletin, and it is expected that these will be republished as a special report early in the spring.

Q. Will you please state to the commission the industrial and other features that have led up to these liability acts of Great Britain and elsewhere, and at the same time in your own way explain the laws?—A. The problem of employers' liability is of course a complicated one, and all I can attempt to do will be to state the broad lines of the movement for the reformation of these laws. This movement may be divided into a number of distinct steps.

There was first the condition of what in this country is called the common-law liability of employers. The conditions at that time in Europe under that law were practically identical with those that exist in this country where no special statutes have been passed extending the principles of employers' liability. Under it the employer was responsible only for those accidents resulting directly from his fault or the fault of his agent, whose orders the injured person was in duty bound to follow. I should like to point out the significance of this law. Its application was that only those accidents were indemnified that were due to the employer's fault, and then only when that fault was clearly established by the injured person. On the other hand, the workingman bore the consequences, not only of accidents due to his own personal fault—which is probably just—but of fortuitous accidents, or accidents caused by his fellow-employees, and those whose occurrence, though due to the fault of the employer, could not be legally proven.

We can thus classify accidents according to responsibility in the following five classes: First, those due to the employer's fault, provable; second, to the employer's fault, not provable; third, inherent in the industry—what is known as trade risk; fourth, fellow-employee's fault, and fifth, the injured employee's fault.

It is simply necessary to call attention to the injustice, in my opinion, of this old common-law employers' liability. At the time that custom sanctioned it and gave it the force of law the employee was in intimate relations with the employer. Should an accident occur it was an easy matter to determine the responsibility. But the growth of production on a large scale made these principles largely inapplicable under modern conditions.

The question of responsibility is exceedingly difficult and often impossible to trace. Leaving out of consideration the fact that the employer is better able to stand the financial burdens entailed by accidents, there is to my mind no reason in equity why the employee should bear the consequences of accidents due to fortuitous occurrences, acts of fellow-workmen, etc. It is the industry that causes them, and it is upon the industry—or the employer—that the burden of their consequences should in some way be made to fall. In other words, the risk of accidents inherent in the industry is quite akin to that of the breaking of machinery, failure or loss in any other way, and as such should constitute a normal item in the cost of production.

Now, taking up the different measures and steps of reform, the first and most patent injustice of the old law was that which threw the burden of proof on the employee in any attempt to recover damages. In the movement for reforming the law, therefore, the first demand that was made was for what was called inversion of proof; that is, throwing the responsibility or the burden of proof upon the employer, making him liable unless he could show that the damages resulted from the employee's fault. The employer is certainly in better position to gather proof and to protect himself than the employee. That was certainly a just reformation.

It soon became apparent, however, that even with this point gained, but a slight measure of reform would be accomplished. Statistics which began to be gathered showed that a considerable proportion—in the neighborhood of one-half—of all trade accidents were due to forces practically beyond human control; that is, they were inherent in the industry itself, such as, for example, would be the falling of coal in coal mining, and similar accidents that can be scarcely avoided, no matter what the precautions. These statistics that were gathered with a great deal of care show that each industry had what was called its trade risk; or, as it is usually called, *risque professionnel*.

I will give the following figures, showing the German statistics regarding accidents, classified according to responsibility. Of accidents 19.78 per cent were shown to be due to the fault of the employer; 25.64 per cent were due to the fault of the injured employee; 4.45 per cent were due to the fault of the employer and employee jointly, and 8.28 per cent to the fault of a third party, or a total of 58.15 per cent due to personal fault. On the other hand, 43.40 per cent were shown to be due to trade risk, and in 3.47 per cent the responsibility could not be traced.

The result of this statistical showing was that persons interested in the question asked themselves why the employee should bear the burden of those accidents that were due to the industry rather than the employer. They were accidents the same as the explosion of a boiler, and should constitute an element in the cost of production the same as accidents to a machine.

The next step in the reform, therefore, was the demand that the employer should be responsible not only for all accidents that he could not prove were not due to his own fault, but also all accidents due to trade risk, using that expression in the technical form which is now universally adopted in Europe as indicating those accidents inherent in the industry itself.

The third step in reform was this: Even with these points obtained, the employee could only receive compensation as the result of a lawsuit. The burdens and delay of litigation were intolerable. Efforts were therefore made to devise some system for preventing this kind of litigation. The device was therefore resorted to of fixing in advance the amount of indemnities that should be paid in case of each class of accidents and also of simplifying judicial procedure by providing for boards of arbitration by which the representatives of the employer and employee could determine the amount of the indemnity due in each particular case, an appeal always lying to the regular courts.

As soon as the point of fixing indemnities in advance was reached the provision against these risks by means of insurance naturally suggested itself. What I have wanted to show by this general statement was that the whole problem of workmen's insurance against accident has furnished an exceedingly interesting example of the evolution of a social problem. Starting in with very slight measures of reform, the movement has gone on by a natural process of evolution and elaboration until the principle of insuring against accidents is practically universally adopted in Europe and Great Britain. The British compensation act, while it does not make the insurance compulsory, expects that all employers will insure against that risk, and in point of fact the great majority are doing so.

I will now take up the particular action of the different countries. Germany was the first to take radical action. After reforming its employers' liability laws by various acts, it finally, in 1884, passed its famous compulsory insurance against accidents act, by which it is compulsory upon employers to insure practically all of their employees against accidents. The entire burden of this insurance must be borne by the employers; that is, Germany has gone so far that the compensation of all accidents, except those willfully caused, is borne by the employers, by making it compulsory for them to insure their employees against accidents.

The annual report of the New York bureau of labor for 1899 gives a very thorough study of the organization and practical working of not only the German compulsory insurance act, but the insurance and compensation acts of other countries in Europe.

Austria created a similar law in 1887. It provides for the compulsory compensation of accidents, as does the German law, at the cost of the employer, with the exception that one-tenth of the premiums for insurance may be deducted from the employees' wages. In point of fact this is rarely done. In a great majority of cases the employer pays the whole premium.

Great Britain passed an employers' liability law in 1880, increasing somewhat the liability of employers for accidents. That was, however, far from a radical measure. In 1897 it passed what is known as the workman's compensation act. The important features of this act are that it unequivocally accepted the principle of trade risk and of compulsory compensation that is found in the German and Austrian laws, with the exception of the one class of accidents due to the serious and willful misconduct of the injured person. That is the only exception made. With that slight exception it has adopted the German and Austrian theory that the compensation of all accidents should fall upon the employer. It, however, refused to adopt the German system of compulsory insurance; that is, a distinction is made between compulsory compensation and compulsory insurance. The principle of compulsory compensation it accepts, but it preferred to leave the employers to cover their risk as they see fit; but the act makes special provision by which employers can organize insurance institutions. These institutions must be submitted to the registrar-general of friendly societies for his approval.

France, by a law of April 9, 1898, also passed a compulsory compensation act which follows fairly closely the English system. That is, compensation is compulsory, but the employers can insure themselves or not against this risk. I will say that prior to the passage of this act all of the more important industrial concerns, such as railway, mining companies, and large metallurgical establishments, had voluntarily created funds for the insurance of their employees against accident, and the State itself had established a national State insurance institution covering accidents, the use of which was voluntary. It was an ordinary practice then for employers to insure their employees against accidents in this national insurance institution. In some cases employers in the same industry organized a mutual insurance fund. The best example of that is that organized by the Central Association of Iron and Steel Manufacturers, corresponding to our American Iron and Steel Institute. They organized a fund supported entirely by the employers, to which all the more important manufacturers in that industry joined, for the purpose of insuring their employees. I state these facts merely to show to what extent the question of providing for the compensation of workmen against accidents has gone in Europe, and the fact that it is not only recognized by law

in these countries that the compensation should be made by the employer, but that the employers themselves had, and to a very large extent before the laws were enacted, recognized the justice of this position and voluntarily done that which the law afterwards made obligatory.

Italy passed a compulsory compensation act on March 17, 1898, similar in general lines to the French and English.

Spain did the same by an act of January 30, 1900.

Norway, by an act of July 23, 1894, passed a compulsory compensation and compulsory insurance law, thus accepting the German system. Finland did the same in 1895, and Denmark the same by a law of January 7, 1898.

This statement of the laws, most of which it will be observed have been passed within the last 3 or 4 years, shows that practically all European countries—the only industrial country excepted is that of Belgium—unqualifiedly accept the principle of compulsory compensation, and some of them that of compulsory insurance as well.

Q. (By Mr. PHILLIPS.) How is the amount of the compensation ascertained under these laws in these various countries?—A. As I have said, all of these laws fix in advance the amount of compensation that will be paid according to the extent of the injury, and for this purpose accidents are classified, not according to the particular injury inflicted, but according to the extent of the disability resulting.

The almost invariable system is to divide accidents into the following classes:

First. Those causing death.

Second. Those causing total permanent invalidity.

Third. Those causing partial permanent invalidity.

Fourth. Those causing temporary invalidity, whether partial or total.

All of the laws in regard to class 4 provide a minimum; that is, only accidents causing disability over a certain number of days, or a certain number of weeks. In the German system the minimum is rather high—14 weeks—but this is due to the fact that Germany also has a system of compulsory insurance against sickness, and these minor accidents are taken care of by the sick fund. The same is true of Austria. Where a system of sick insurance does not exist, the minimum is usually a few days.

The scale of benefits is then fixed in about this way: In case of death, either a lump sum or a pension, where an insurance system is also provided for the widow or orphans; and in case of permanent disability, whether partial or total, a pension is paid the injured person. In the case of total invalidity the pension usually amounts to as much as two-thirds of the average wages that the person was earning. In case the disability is partial it is proportionate to the extent of the disability, and it is at this point that the use of the arbitration boards come in. They have to determine whether the disability is total or whether partial, and the extent of the disability.

Q. (By Mr. FARQUHAR.) Are those permanent arbitration boards or merely for a short season?—A. They are usually organized for each particular accident. I say usually; I know in some cases in the German law there is provision for a permanent board, but these boards serve without pay, and are constituted on the basis of having representatives of employers and representatives of employees, and usually one government official, and of course there must be a large number of these local boards. There is a small arbitration commission or board in each locality.

Q. (By Mr. PHILLIPS.) Is their decision final or have they a right to appeal to the court?—A. They have the right to appeal.

Q. In all cases?—A. In practically all cases. In Germany, to the imperial insurance department, which acts as a centralizing institution.

In regard to the indemnities, I should state that they are always proportionate to the wages of the employees. The dues required of the employer are apportioned to the total amount he pays out in wages, and correspondingly the indemnity that is given corresponds to it. In the case of workmen's insurance I think this is a very important provision. It is universally adopted, in order that the compensation may correspond to the scale of living that the workman has been accustomed to. Otherwise what would be an adequate compensation in one case would be thoroughly inadequate in another.

As regards the mechanism of insurance, the German system provides that employers in the same industry shall constitute or organize an insurance institution, which is independent for insurance purposes of the institutions organized for the other industries. This is necessary in order that each industry should bear its own risks, the risk of accident varying widely in different industries. The Austrian system provides for territorial institutions, but takes account of

different risks in different industries by assigning on a basis of statistical results a coefficient of risk to each industry, so that the premiums required will be in proportion to this coefficient of risk. The principle of having each industry bearing its own burden is always adopted, regardless of the particular system by which they attain this result.

Q. Is the agricultural industry embraced in this plan?—A. It is. In England the compulsory compensation act of 1897 did not relate to agricultural labor, but a law passed in 1900 has just extended the system to agricultural labor.

In further answer to that point, most nations in introducing a scheme of compulsory compensation or compulsory insurance have very wisely adopted the system of making it apply first only to particular industries in which the risk of accident is very great. This was owing to the fact that these schemes were necessarily tentative to a certain extent, as they could not determine what would be the exact charges, and the problem of harmonizing conflicting interest was great, and after the system had been well organized for a few trades, then successive laws were passed extending it to other industries, until in most countries now the system is made to apply to practically all productive industries. It is exceptional, though, that it applies to commerce; that is, stores—commercial employees.

Q. (By Mr. A. L. HARRIS.) Is the British workmen's compensation act favorably received by the employer, as a rule?—A. I have just seen recent reports giving the results of the operations of the workmen's compensation act of Great Britain, and they showed that the act has been very well received by both employers and employees. The burden of the insurance is far from as heavy as was anticipated, and, on the other hand, the expenses of litigation and of damage suits have been very materially lessened. It was quite usual in Great Britain for employers to insure against their liability—that is, before the compulsory compensation act—and the premiums that they now have to pay are not so very much heavier than those they formerly paid as insurance against their liability under the act of 1880.

Q. (By Mr. FARQUHAR.) What has been the effect of these latter amendments of the law in Great Britain on the regularly established casualty companies? Are there as many of those in existence there with this act in force as there were before it went into operation?—A. I could not say for certain, but I am very confident that it has resulted in the extension of their business. There are a large number of small employers who do not want to be bothered by the organizing of a scheme of insurance, either by themselves or in conjunction with other employers, and the simplest way for them is simply to insure in the ordinary casualty company, and they do so.

On the other hand, in such industries as railway transportation, coal mining, and iron and steel works, the practice is more and more being followed of organizing special insurance institutions. For instance, the mine owners in a particular district organize an institution which they manage and run at a minimum cost of operation, and under that system they know that they only have to pay that compensation resulting from accidents in their own establishments, and with a minimum cost of administration, and no profits, of course.

Q. This insurance, being compulsory, the money paid for premiums is taken out of the profits of these manufacturers?—A. Yes.

Q. Did you find any reason why Belgian manufacturers did not go into it?—A. I will say in regard to Belgium that the reason action has not been taken is simply a difference over the detail of elaborating a system. Bills have been constantly before the Belgian Parliament, have been indorsed by practically all parties, and have only failed of passage because the two houses could not agree upon the particular details of organization. I would, furthermore, say that a very large number of manufacturers had already voluntarily insured their employees against accidents, and that Belgium has had a national institution for insurance of workmen against accidents which employers had made use of. Also, that the insurance of miners, a very important industry in Belgium, had been compulsory for a great many years, and the railways being State railways, there was also practically compulsory compensation and insurance there, and all of the more dangerous industries were already covered in some way or other by an insurance scheme.

Q. (By Mr. C. J. HARRIS.) Is employers' liability insurance general in this country among manufacturers?—A. I think not; I think it is quite unusual.

Q. Have you investigated it?—A. Yes, I have looked into the question in this country.

Q. (By Mr. A. L. HARRIS.) Is this system of insurance a bar to any action at law on the part of the workmen?—A. In most cases the old employers' liability law remained unrespealed, the object being that in case the employer was grossly

at fault the employee could sue him for damages, and in such a case would secure an amount probably considerably in excess of that allowed under the compensation act. The purpose of leaving these laws unrepealed was to make it an object for the employers to take every possible precaution. Otherwise, the employers might say "Well, I have insured my men, and that covers everything," and would not take the precautions that should be taken, although most of the acts go into the question of the prevention of accidents as well as compensation and provide that precautions shall be taken, and make various provisions regarding that point.

Q. (By Mr. FARQUHAR.) Do you know of any of these acts which, by express provision, shut out the right of civil action?—A. No, I do not. It is possible that some of them do. The right is so rarely made use of that it does not figure to any extent except as a menace over the heads of employers to make them more careful.

Q. (By Mr. A. L. HARRIS.) Does the British workmen's compensation act have a tendency to discourage small capital from employing? You stated a moment ago that the large companies availed themselves of it and the smaller companies had to insure in a round-about way?—A. I do not think the cost would be materially different there, enough to discourage small employers, because in the establishments of small employers as a usual thing the risk of accident is apt to be less. They can exercise a closer supervision. They do not use as much machinery, and consequently the advantage is rather with the small employer.

In conclusion I would say that while these various schemes, of course, present a great many differences, yet the important point is that all recognize that accidents due to an industry should fall upon the industry as an element of the cost of production, the same as material accidents; that the employer should pay this compensation, the only exception being in some cases like that of the British act, where the employer can prove that the employee was seriously and willfully at fault; but even there the burden of proof is on the employer. That is the important point to be learned from European experience, that, as a matter of justice and principle, compulsory compensation by the employers should be adopted.

Q. (By Mr. FARQUHAR.) Has that principle been recognized by public opinion of these countries, and by their legislatures or parliaments?—A. I suppose I have talked with hundreds of people in Europe regarding this point, and, as a matter of principle—I have never talked with any one who opposed it as a principle, the only difference being as to the method, whether there should be State insurance or voluntary insurance, or optional insurance, or compulsory insurance; but as a principle it is uniformly accepted on the Continent to-day. That statement is not true of England wholly. There are in England to-day, of course, a good many manufacturers who are accustomed to the old system, who think that the law has thrown an unjust burden upon them, but those manufacturers now constitute a minority, and the principle is constantly gaining ground there.

Q. (By Mr. A. L. HARRIS.) Do I understand that the burden of proof is now thrown upon the defendant?—A. The burden of proof is now upon the employer.

Q. (By Mr. FARQUHAR.) Has there not been an open complaint in Great Britain, through trade journals and otherwise, that the enforcement of this compulsory compensation and insurance upon them has lessened their power as a competitor against the United States, where it does not exist?—A. I could not speak from the standpoint of having read a great many trade journals since the passage of this act, but the official reports state that the act is being accepted in a good spirit. But it is important in this connection to bear in mind that England is now in a very prosperous condition, and manufacturers who are making large profits would not quarrel over small extra charges. If a period of depression should come it is possible that the employers might object, and so the test of this legislation as well as most social legislation is that of hard times. But the principle is so universally accepted on the Continent, and is gaining ground in public opinion in Great Britain so rapidly, that it is practically inconceivable that any back step will be taken in regard to this matter.

In regard to American conditions, I will say that I have not made anything like the special study that I have of European conditions, but I do know that employers' liability laws in this country have far from reached the position that I have just stated is attained in Europe and Great Britain, and also that the insurance of workmen against accidents is quite exceptional. A number of the railroads have organized so-called railway relief departments, that provide for compensation in case of accident, but these funds are supported in part by deductions made from employees' wages, and there are a number of objections to this system as now organized.

Q. (By Mr. C. J. HARRIS.) Is the practice of insuring general, according to your idea in this country, and is it increasing at all?—A. The employers insure to an

increasing extent against their liability, but that, of course, is a different thing from the workmen being insured in the sense that they would receive a compensation. Employers' liability insurance is increasing quite rapidly in this country.

Q. (By Mr. LITCHMAN.) Through the regular insurance companies?—A. Through the regular insurance companies.

Q. Accident insurance companies?—A. No. There are usually special branches of employers' liability insurance. This is not accident insurance at all. The employer insures himself against any judgment that he may have to pay to an employee on account of an accident.

Q. Will that in a measure offset the quantity of insurance in foreign countries that you describe?—A. Not at all; because that is for the benefit of the employer and not for the employee. The employee never gets anything except it is the result of a law suit, and in case he does get anything the employer is then indemnified by the insurance companies.

Q. With that system of insurance would the employee be less likely to fight for damages in case of injury?—A. I do not know the system. I am not sure but what the insurance companies themselves conduct the defense sometimes, but the provisions of the contract I am not familiar with.

Q. Could you suggest anyone who could give us information along this line?—A. I think any agent of an employers' liability insurance company would be only too glad to do it. There must be agents in this city.

Q. This system is under the patronage of the government in foreign countries?—A. There are different systems. In Germany and Austria, and in one or two other countries, it practically amounts to State insurance or State control of insurance. Other countries have compulsory compensation in distinction from compulsory insurance, and provide that the employers can insure in any way they please, but the insurance must be for an amount equal to the minimum compensation required by the act; and they also provide for government supervision and report on these institutions.

Q. (By Mr. PHILLIPS.) Do you know whether any State in this Union has an employers' liability act such as you have described, or similar to those in Europe?—A. I am quite sure that no State has an act at all comparable to that of the British compensation act.

Q. (By Mr. C. J. HARRIS.) Is not all this a sort of class legislation?—A. No more than is all factory legislation.

Q. Does it apply to all employers, or does it apply simply to one class of employers?—A. As a principle it applies to all. As a matter of practical politics it was found necessary, in organizing a scheme as complicated as an insurance scheme necessarily is, that it should be first made applicable to particular industries, where the risk of accident was especially great; and after it was well organized and in good working order, and experience had been gained, it was gradually extended to other lines of industry until it has been made to cover practically all lines of industry, with the exception of such classes as salesmen and domestics.

Q. Does it include farm hands?—A. The British compensation act of 1900 extended the system to agricultural laborers.

Q. (By Mr. FARQUHAR.) Is not such insurance based on the character and grade of hazard? With the servants and professional men the hazard is not apparent to the lawmaker, is it?—A. Of course certain things a law can not do. They have to start with those cases in which the thing to be remedied is most apparent, and then extend to other cases as rapidly as they can. Now, in the case of domestic servants and salesmen the extent to which the employer is responsible for any accident that the employee may receive is exceedingly slight. In all of these systems of compensation and insurance against accidents the law expressly provides that they relate only to trade accidents. That is, if the workman is injured going to and from his work or at some other time he is not compensated. It is merely provided that the accident caused by an industry shall constitute a charge on that industry.

Q. (By Mr. C. J. HARRIS.) Would not this ultimately have the effect of lowering the wages of employees? In other words, would not the employers, figuring that their insurance liability was so much per year, be obliged to cut down wages that they would otherwise pay to that extent?—A. I think that it would to the same extent and no more than any other item in the cost of production. I think that in case of practically all of those items the charge is ultimately thrown on the consumer; it being an item of the cost of production, it enters into that cost, and prices are fixed in order to cover the cost, and it is ultimately the consumer that pays the burden; but in regard to that burden it is important to note while it makes an additional burden, on the other hand it removes a big burden, that

resulting now from the large amount of litigation which to a very considerable extent is done away with by this compulsory compensation act.

Q. (By Mr. FARQUHAR.) Does it not also remove the local care and State care of the injured?—A. It would undoubtedly have an influence on the burden of poor relief.

Q. (By Mr. C. J. HARRIS.) Would not the careless and the indolent and perhaps certain classes allow themselves to be injured to a slight degree so as to draw this pension while they were lying idle? Do they find any results of that kind in foreign countries?—A. It should be frankly admitted that that point is frequently raised in discussion regarding compensation, but that statistics of the operations of the laws throw very little light on the point whether it has resulted in increasing the carelessness or not, owing to the fact that the laws are constantly receiving extensions, and different interpretations are adopted at one time varying from what they were at another, so it is impossible to give any conclusive answer. The officials who manage these insurance institutions reply in the negative. They say it has not resulted in increasing carelessness, but we have only their personal opinion on the matter, and of course they are apt to look on it as favorably as they can.

Q. (By Mr. FARQUHAR.) In the carrying out of these insurance and compulsory-compensation acts, do the bodies of the employers and the organized workmen treat other matters than simply the insurance arbitration? Does the same body hold two functions as far as the men are concerned, or are they totally separate?—A. Totally separate.

Q. What have they in the way of advisory councils, for arbitration and settlement of general trade matters?—A. Practically all European Governments now have legislation in relation to the arbitration and conciliation of trade disputes. In France and Belgium a clear distinction is made between what are called individual disputes and collective disputes. For the settlement of the first they have had for a great many years, since the beginning of this century almost, the famous council of prud'hommes. They are in the nature of special labor courts for the purpose of settling the thousand and one little points of friction that arise, as, for instance, docking a man, or improperly fining him, or any treatment which the employee thinks is unjust, which in this country frequently gives rise to a strike. The strikes grow out of some little friction in an establishment, and the system of prud'hommes provides an arbitration, which in operation is partly a court and partly an arbitration board. Probably the best device for the settling of these smaller disputes is that of labor councils in Belgium, particularly in connection with the coal mine of Mariemont. Here the employer voluntarily organized a council on which he appoints several of his officials, and the employees in turn appoint several delegates, and that council has regular meetings, and if the employees have anything to complain of they ask their representatives to bring it before this council. This system of having a purely voluntary council in each large industrial establishment, through which the employees can express any grievance or make any complaint, seems to work very well. True, it does not always prevent strikes. When the question of an increase of wages comes up, they may suggest in this council that wages should be increased. The employer refuses and a strike results, but they have prevented the endless amount of friction about small matters that so often takes place in establishments. I have heard that somewhat similar councils have been started in a number of cases in this country, although I am unable to specify any particular cases. I remember that parties have told me from time to time that they knew of such councils here.

Q. In Great Britain has the Registrar General of Friendly Societies any authority over these arbitration boards?—A. I think not. The arbitration act of 1896 provides that the Commissioner of Labor shall assume certain functions.

Q. That is, connected with the British Board of Trade?—A. Yes, in connection with the administration of that act. But most of the legislation in Europe relating to arbitration is on the general lines of arbitration laws in this country; they provide for voluntary arbitration boards. The only compulsory-arbitration act that I know of in the world is that of New Zealand.

Q. Do you know how far recognition in the law is given to the trade unions of Great Britain through their registry under the registrar-general? That is, how much additional power are they given to sue or be sued, and as to their responsibility for the acts of individuals or for the body, etc.?—A. I would not be able to testify regarding that point in any great detail. The privilege resulting from registration is chiefly that of the right to hold property through trustees, I think, and sue in their name, and to hold them to account. Under the old system it frequently happened that a trade union had practically no redress in case of a dishonest treasurer or other official; and one of the advantages of registration is

that it is entitled to that redress. Registration practically amounts to this: The Government says, If you want to enjoy the advantages of being a regularly constituted body, you have got to be a regularly constituted body, and go before the registrar. And the conditions of registry are that they shall make a report or do certain other things, and does not limit their real freedom to any appreciable extent.

Q. In making any of these agreements or contracts that are common in Great Britain, called the trade contracts between employers and employees, as to a permanent scale of wages or a sliding scale lasting 9 months, 12 or 18 months, whatever it may be, do you know whether there is a provision in the English act that they shall be made through organized employees?—A. I do not think there is any such provision. I think all such action is unregulated. They have to settle that matter the best way they can. Of course, as a matter of fact, it is made in almost every case through an organization.

There has developed in Europe quite an elaborate system of labor councils, whose functions are somewhat different from those of arbitration boards. They are to serve the purpose more especially of furnishing an institution by which the employees can make their wishes known and bring their influence to bear upon public opinion in some way. So these councils are created in different districts, and the Government in case any social agitation comes up asks the opinion of these councils in regard to the matter; and these councils, which are constituted partly of employers and partly of employees, discuss the question and report. They furnish a means for the workmen to express their opinions. It probably works fairly well, but the conditions, of course, are peculiar. On the Continent the laborers are not organized to any extent like they are in Great Britain or even in the United States. The newspapers are to a large extent small local sheets and of no great value, and in a great many ways the employee does not have the opportunity of knowing what public opinion is or of expressing his opinion himself; and these institutions furnish a means for doing it. In this country, of course, we have the press, which is very accessible, which often champions the interests of the laboring man, and the labor organizations themselves are in a position to express in a very authoritative way the wishes of the workingman.

Q. While these remedial laws of Europe, as you are explaining them to us here, may have somewhat the character of special legislation, do they not also have many socialistic characteristics—not the socialism that concentrates, but the paternalism or socialistic feeling that regulates through a strong government having control over its people and its manufacturing industries?—A. Every piece of legislation is an exercise by the State of its authority and therefore an extension of authority; and this compulsory insurance is undoubtedly in the case of Germany and Austria, at least, very socialistic in the sense that the State interferes to such a large extent; but it can not be said to the same extent of the British compensation act or the French or Italian, which follow the British model, because they do little more than lay down general principles. The actual exercise of intervention by the State is not contemplated. They simply say that as a matter of law the employer must do a certain thing. Germany and Austria not only say he must do a certain thing, but they go ahead and organize institutions and have State control and take socialistic action in that way.

Q. (By Mr. LITCHMAN.) At the expense of the employer?—A. No; that, as far as the general expenses of administration are concerned, would be at the expense of the whole people, come out of the regular revenues; that is, the support of the imperial insurance department that controls.

Q. To that extent then it is government insurance?—A. To that extent. Germany, in addition to passing this compulsory insurance act against accidents, also provides for compulsory insurance against sickness and compulsory insurance against old age and invalidity; so that a workingman there is completely protected in case he is physically unable to work for any reason, whether he is sick or too old or meets with an accident.

Q. (By Mr. PHILLIPS.) Without regard to time of service in the particular industry?—A. In the particular industry, yes. There are certain conditions in old age, especially. The act provides that he must have belonged to the system a certain number of weeks, which amounts to a number of years.

Q. (By Mr. FARQUHAR.) What care have they taken in any part of Europe, and more especially Germany, with the tramp question?—A. Germany has a very elaborate system of institutions providing for tramps, for persons out of work. They consist partly of a sort of lodgings or shelters from which the tramp is handed on from one to the other. And they also have created about 80 so-called labor colonies, the purpose of which is to provide for the unemployed in a more permanent way. These colonies succeed in reaching only those who are permanently incapable. It is shown, for example, that a large number of

inmates have been convicted of crime. I think considerably over half the persons admitted have been in these colonies before. A great many have been there before repeatedly, and their main function seems to be to segregate that class of hopelessly inefficient which, if they were not taken care of in these colonies, would be taken care of in some other way; and I think they serve a useful purpose to that extent. Instead of herding them in jails or in a poorhouse, they go to these colonies.

Q. (By Mr. PHILLIPS.) Do they make any distinction between the criminal classes in these colonies and others who have not been convicted of crime, or are they all in together?—A. I think not, because they certainly admit large numbers that have been convicted of crime. And the reason for it is probably that persons, when they are discharged from confinement, have difficulty in securing work, and they are practically compelled to go to some such place. The evidence that many of the inmates are permanently reformed is very slight; it is known that but a small proportion of the inmates of labor colonies are ever reformed to such an extent that they can be restored to society and become independent workers again.

Q. (By Mr. FARQUHAR.) Does the state place them at labor then so that they can earn?—A. Those are not state institutions. They were originally started under private auspices. It is possible that the state subsidizes them and contributes to their support; but to a large extent they remain under private auspices.

Q. (By Mr. PHILLIPS.) They are charitable, are they?—A. To a considerable extent.

Q. (By Mr. FARQUHAR.) Are not these somewhat of a local charge, independent of the funds that have been raised for their support?—A. I am quite sure that the local authorities contribute to the support, but to what extent I could not say.

Q. (By Mr. PHILLIPS.) In Holland, in these colonies, do they not permit a man to work and allow a certain wage, and in the end give him a small parcel of land to cultivate?—A. The Dutch colonies are quite different from the German. They are more select, appeal more to the family man than they do to the single man. And the purpose there is permanent reformation. But the system is so very expensive that even if it succeeds it counts very little, because the funds allow them to help only a few families each year. That is the objection to the Dutch system—its great expense. The Australian colonies attempted to organize labor colonies in a number of cases, and considerable success was obtained, but that was chiefly due to the fact that they had large tracts of waste land which required a large amount of manual and ordinary labor; and in the clearing of that ground, and its ditching and fencing they could find employment. But in the more settled communities it is very difficult to find tracts of ground or work requiring a large amount of purely unskilled labor.

Q. (By Mr. FARQUHAR.) In your investigations in Europe you gave considerable attention to industrial communities?—A. Yes.

Q. The Krupps, for instance—would any description you could give of the Krupps to the commission probably cover all others?—A. Yes.

Q. We would be pleased to hear from that, to know what the relationship between employer and employee there is, and all the other features.—A. The conditions of Krupp were these: Krupp, as you know, started as a very small establishment, employing less than 10 employees. It was a very small business; but the industry developed so rapidly that it outstripped the housing facilities and institutions for supplying the needs of the employees; and, as a consequence, actuated partly by this necessity and partly out of a genuine desire to better the condition of the employees, there has developed at Essen, where the works are located, a very remarkable collection of institutions for the benefit of the employees. Krupp has built a number of charming industrial villages in the immediate neighborhood of his works, in which employees are lodged. He has erected public baths; he maintains schools and hospitals. He provided for the insurance of his employees long before it became compulsory for him to do so. He has one large village of cottages detached especially for the old employees that have retired. He has always taken especial care of his old employees. A person enters the works and remains there practically for life, and when unable to work the establishment takes care of him, gives him some light work to do, if possible, or otherwise just supports him absolutely. And it is extremely interesting to go through those different communities in the order in which they were erected. Take the houses that were erected 40 or 50 years ago; they are mere barracks and very bad conditions prevail there; but each successive step taken in the housing of his working people was an advance; and it is as striking an object lesson of the general improvement of conditions under which the same class of workmen live that one could well wish.

The fact, although Krupp has over 30,000 employees, that he has little or no trouble with them shows the very harmonious relations that have existed between the employer and employees there. The example at Pullman, of course, is somewhat similar to Krupp; but in that connection it is important to notice the fundamental distinction between the European laborer and the American. The American doesn't like to have things done for him. He doesn't want to consider that he is under obligations to his employer; but what he wants he wants as a right, while the continental worker does not feel that way, and in consequence there has been a remarkable development all over Europe of what they call employers' institutions. There is scarcely a large establishment there that the employer doesn't provide institutions of one kind or another for the benefit of his employees; and Krupp is probably the best example of that.

Q. You would not expect that those examples would be followed very readily in this country, where there is so much individuality?—A. I would not.

Q. You have no profit sharing nor cooperation or the industrial community?—A. A Belgian manufacturer who maintains institutions of this kind told me that the policy that he was pursuing, and that ought to be pursued, was for the employer to prepare the way for his own abdication as regards these institutions. He thought it was necessary for the employer to take the initiative and create certain institutions, because the employees would not do it, but that as rapidly as possible he should turn over the management and the control and the support of these institutions to the employees, and he is doing it. I think that in this country it would be possible in a good many cases for the employer to encourage and to foster the development of institutions, clubhouses, reading houses, baths, or the organization of cooperative societies for the provision of houses or running a cooperative store; but he should encourage the men to do these things rather than to do them himself. I think the employer can play an important part in the way of encouraging rather than himself doing it. The different feeling of the continental and American workmen, I think, explains why profit sharing has been so much more successful in Europe than in the United States. The conditions are more permanent there. The employee goes into the establishment, and he is to remain there for years and years, and consequently he becomes identified with the interests of the establishment, and it is possible to bring him under some scheme by which that identification is more complete. But in the United States, where a man doesn't know whether he will be working for that establishment six months from now or not, it is manifestly more difficult to establish any such system. And it is a question whether it is desirable to limit the mobility and the independence of the laborer to move around from place to place and seek his advantage wherever he can find it.

Cooperation is on quite a different basis. That is a case of where the men themselves organize associations for their own benefit, and one would think that in the United States such associations could develop more than they do. But the only explanation that I can think of is the lack of stability, the greater lack of stability that exists here by men moving from one place to another and from one establishment to another.

There is, in regard to cooperation, one point that I would like to speak of. In both Great Britain and France a system of cooperative contracts has developed to quite a little extent and is an interesting example of cooperation. Instead of there being a cooperative society properly speaking, a trade union will undertake a contract for doing a certain job of public work—take the contract for erecting a building, or doing the plastering for it; and the government has usually intended to foster that system of doing away with the contractor altogether. And in certain lines of work, in the building trades especially, it seems to work very well, and it is not unusual for an association of workmen, usually a trade union, to bid on a contract and get it. I know in France the law provides that contracts shall be split up into such size so that associations of workmen can bid on them, and also that they shall be exempt from the necessity of giving some bonds or other formalities which they are not in a position to meet. As an example, the building for social economy at the Paris Exposition was built entirely by associations of workmen working on this cooperative contract plan.

Q. Is this cooperative contract plan somewhat like the old form of *collegia* of Rome, where the unions contracted with the state for the furnishing of arms and ordnance and everything else?—A. I am not enough familiar with the old *collegia* to say, but the regulations which I have read regarding this kind of contracts in France provide that the associations of workmen can bid on all kinds of contracts for the performance of work or for the furnishing of supplies, so there will be nothing to prevent associations of tailors, for example, bidding to furnish uniforms for the police or fire departments. And these regulations apply not only

to the central government, but to the departments and the communes. They have the right to bid for the performance of work or for the furnishing of supplies on all public work.

Q. In Europe how far has voluntary arbitration gone, and has there been any movement there to take up compulsory arbitration?—A. Of course, it is discussed in economical publications, and bills have been brought forward, but it can hardly be said that the movement for compulsory arbitration is as strong there as it is in the United States. There is very little likelihood of any adoption of compulsory arbitration. I know in France, where the laws provide for voluntary arbitration boards, in a great many cases the parties, instead of making use of these boards, prefer to organize an arbitration board of their own for the settlement of disputes, the same way as in this country; in New York, for example, Bishop Potter and somebody else might be appealed to as arbitrators instead of resorting to the State board of arbitration.

Q. Did you find in Europe that there was a preference for trade arbitration or the immediate employer and employee in the trade arbitrating among themselves and not calling in the State authorities at all? Do you think that that system is growing in Europe?—A. It would be very difficult to say. The conditions there are really very similar to what they are here. They have systems of voluntary arbitration; they are resorted to to a certain extent, and on the other hand the employers, as I have said, frequently prefer to organize their own.

Q. (By Mr. PHILLIPS.) Have you looked into the French law in regard to conciliation and arbitration, to know whether it is progressing favorably or not?—A. Yes; I looked into the law, and I look over the annual reports of its operations as they come to the office.

Q. More people are availing themselves of that than formerly, are they not?—A. No, I would not say so. The reports for 1 year after the other are very similar, remarkably so. You find about the same number 1 year that you do another.

Q. (By Mr. FARQUHAR.) Has arbitration in these further advanced countries of Europe lessened strikes a good deal?—A. I think it has. It has undoubtedly lessened strikes growing out of small causes; it has contributed to make the general relations between employers and employees more harmonious. Practically none of these laws have contributed much toward preventing such great differences as those relating to wages. It is found there that if it is known that a manufacturer is becoming more prosperous and his profits are greater his employees will demand a share of those profits, and usually they will get something of a concession. I know of a recent case of arbitration, in 1899 or 1900, of a very severe strike of coal miners in the Loire basin. There the miners struck purely on the ground that the price of coal had gone up and the mine owners were reaping greatly increased profits. The mine owners admitted it, but said that they did not reduce wages when the price went down and they ought not to increase them when prices went up. But the miners struck, and after negotiations a voluntary board of arbitration was constituted, and that board granted an increase of wages and laid down the principle that when profits increased that way the employees ought to share in those increased profits to a certain extent, and the mine owners accepted that decision.

Q. (By Mr. PHILLIPS.) Can you briefly state the condition of the labor people in Europe as compared with the labor people in this country?—A. It is a pretty big question. What do you mean—the relative condition?

Q. Yes; the labor of this country compared with that of Europe.—A. I do not think there is any doubt but what generally the conditions of labor here are better than in any European country. There are exceptions to that statement. For instance, I believe the coal miners are better off in Europe than they are in the United States. I think their actual conditions of living there are better. They are probably better housed; they probably eat better, and they are certainly very much better off as regards stability of employment. They know that they have employment almost year in and year out in most cases. But with that exception the workingman here lives better, eats better, earns higher wages, and according to that standard is better off.

Q. In the glass industry and the iron industry, do we not compare very favorably? Are we not better off than they are there?—A. Certainly with continental Europe. Although the British workmen in the steel trade are not earning the wages they do here, they are very well off.

Q. They have more constant work, have they not?—A. They have more constant work; through various relief organizations they are better taken care of, and their requirements are not so great as they are here.

Q. (By Mr. FARQUHAR.) More contented people; practice a more even frugality of living?—A. Yes; it has more stability in every way. And what they do have,

while it may not be as much as the American gets, they are more certain of it. That is the great advantage, I think, of the European workman generally. His conditions of life are more certain. Take the German as an example. Now, whatever his condition may be in comparison to the American, the fact that he knows that if he meets with an accident incapacitating him for work he is going to receive a pension for the remainder of his life; that if he is killed there is going to be a compensation paid to his wife and children; that if he falls sick he is going to receive compensation also; and finally, when he gets unable to work as a result of old age that he will be then entitled to a pension—these are advantages that the American workman does not enjoy. Of course, the American workmen are in a position, on account of their higher wages, to make provision against those conditions, and they do it to a certain extent.

Q. Through building and loan associations, savings banks, insurance associations, etc., and still maintain his individuality?—A. Of course it is only a select few in America that do that; the persons that are most in need, the common laborers, do not do that very much. Savings-bank deposits, friendly societies, and membership in building and loan associations belong to the skilled classes; the common laborer does not do it to any great extent.

Q. (By Mr. PHILLIPS.) A very large per cent of the best paid labor use up all their money in living and do not provide for the future?—A. Yes.

Q. (By Mr. FARQUHAR.) Do you find intemperance prevailing more in Europe than here?—A. I did not notice—this is a matter of personal observation—as much drunkenness there as I do here. But all the evidence in France is that drunkenness is increasing greatly among the workmen on account of their giving up their original wine drinking for the drinking of absinthe and similar liquors.

Q. (By Mr. PHILLIPS.) Have you anything to suggest in the way of remedial legislation along any line on which you have been giving us information?—A. The question in which I am most interested, and to which I have given the most attention, is that of workmen's insurance and compulsory compensation for accidents. I should say that any action looking toward the modification of the employers' liability laws in this country, in the direction of making the employer responsible, not only for those accidents that are due to his own fault, but for those accidents the responsibility for which can not be traced—that are unavoidable—it would be a step in the right direction; and also toward modification of the law so as to throw the burden of proof upon the employer in case of an accident.

Q. Would you be willing to make us a sketch of such a law as you think would be competent to be passed on that question?—A. I do not think I would undertake to do that, on account of constitutional questions with which I would not be sufficiently familiar.

Q. (By Mr. FARQUHAR.) The employers' liability laws would rest entirely with State legislation?—A. I think any of them could enact a compulsory compensation act like that of Great Britain, which covered all the general industries and employments; and I would not hesitate to favor legislation in the States in that direction. But in response to your request as to whether I could sketch such a law I would say that taking the British act as a model would be about the best sketch for a proposed law that one could get. It would seem to me, as regards Federal legislation, that if Congress could pass an act making it compulsory upon all railway companies engaged in interstate traffic to provide accident-preventing appliances, like power brakes and automatic couplers, that it might pass a law especially for railways regarding employers' liability and increasing their liability. The reform of employers' liability laws in foreign countries in a number of cases started by passing laws specially in relation to the railway industry. Of course the railway industry is one in which the matter of accidents is most important. If the Federal Congress could pass a law making the railways responsible for the compensation of all accidents other than those due to the serious and willful misconduct of the injured employee, not the fellow-servant, that would be a very important measure and would furnish an example for the States to follow. That is, if the Federal Government would indorse the principle in such an act, it would be a great argument for the States to follow the same principle.

Q. (By Mr. PHILLIPS.) Have you any suggestions as to legislation in regard to the unemployed? Has it progressed enough in Europe to give any example to this country of anything that can be done with the large number of unemployed of various kinds?—A. I do not believe it is a question that can be reached very much by legislation.

Q. You have observed, I presume, that there has been a great effort made to secure employment for such?—A. I think the evidence is very strong that trade unions succeed in looking after their own members very adequately. The problem of unemployment is almost entirely the problem of the unemployment of

unskilled labor. While it would not be exactly in the line of legislation, I think if cities could so organize their work that requires a large amount of manual labor—such, for instance, as street sweeping or road making—with the idea in view that the service could be expanded as necessity arose for giving employment, that that would be the best way of meeting unemployment with that class, because, unless it is made in advance, the attempt to organize a special relief, in which the whole thing has to be organized from the beginning, is almost always a failure; but if provision could be made and discretion given to the local administrators to increase and decrease their force to in a measure meet the ebb and flow of the demand for employment, why I think it would go a long way toward meeting the relief of unemployment. In doing that they ought to have very careful records of whom they employ in order to know whether they are bona fide residents of the district, because if that protection is not general, why people from other sections will flock in there for the sake of getting that work.

Q. Perhaps the questions have not brought out something that you would like to state to the commission of your own motion, something that has not been covered?—A. No; I think I have covered the ground that I had outlined in my mind. (Testimony closed.)

WASHINGTON, D. C., December 14, 1900.

TESTIMONY OF PROF. WALTER A. WYCKOFF,

Assistant Professor of Political Economy, Princeton University.

The commission met at 10.50 a. m., Vice-Chairman Phillips presiding. At that time Prof. Walter A. Wyckoff, assistant professor of political economy at Princeton University, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) Please give your name and post-office address.—A. Walter A. Wyckoff; my post-office address is Princeton, N. J.; my profession is that of assistant professor of political economy in Princeton University.

Q. How long is it since you have been professor in Princeton?—A. I became a member of the faculty in 1895; I have had the position of professor since 1898, if my recollection serves me.

Q. How long have you investigated the questions relating to the conditions of the workingmen of the United States?—A. I began a personal investigation in the summer of 1891; and that investigation, which was of the nature of a personal experiment, extended from July, 1891, until February, 1893.

Q. Are the results of that investigation published?—A. They have been published simply in descriptive form; not in any other way. I hope eventually to put them into a shape which will have more direct bearing upon the scientific investigation of the conditions of this country, but so far I have given them, in published form, simply a narrative or descriptive character.

Q. If you will please state your experience and the results of your investigations, we will be pleased to hear them—in your own way; the motives that led you to it and also the results that have come from it.—A. I depend upon being asked questions. I may describe it in this way, that I was but a short time out of college, but had become interested in economic questions, and it had been suggested to me by a friend that a continued investigation of the sort that I was making—which was purely the sort of an investigation which a student would carry on in connection with the academic study of economical questions—was inadequate, and that I could get a foundation of further knowledge of economic matters by turning my investigation for a year or two into a practical trial of certain economic conditions. And his suggestion—I speak of it as his suggestion, because it was not original with me—came from a friend, a man of wide practical acquaintance with affairs in this country, and it took the shape of a proposal that I should become a workingman for a period of months or a year or two. I had no acquaintance with manual labor, no experience of manual labor, and to put myself in the position of a workingman involved my putting myself in the position of an unskilled laborer, accepting the performance of labor which would be available to any man who was without a trade, unskilled in labor. I realized my position from the first, and I also realized that the results of an investigation of that kind would have a value which would be almost entirely personal; it would be of personal value to me, but of no great value apart from the experience which I gained. But I thought that the suggestion was an admirable one, and it fitted in with my personal plans very well. So I started out one July morning from near

Fairfield, Connecticut. I went on the principle that I should not beg, but that I should rely entirely upon my ability to earn a living and to earn it by the work of my hands. So I set out; but it was some days before I hit upon a plan which seemed to me to be one which I could carry through to the end of my investigation. So far as the investigation was concerned, I had only this very indefinite idea, that I would, starting from the Atlantic coast, reach the Pacific coast before ending my experiment; and, as I say, I had not been many days in this investigation before I hit upon the plan which seemed to me to be on the whole the best; and that was to accept more or less permanent jobs instead of looking for a chance job here and there to earn a meal or a night's lodging—to see what I could find in the way of permanent employment, not in order that I might make it permanent employment for myself, but these jobs which I secured would be in the nature of work that if a man did accept them he might make them permanent for himself—giving at least that degree of value to the experiment. I got work first with a gang of laborers at the post at West Point. The Academy building was being destroyed to give place to a new building, and immediately upon my application to the boss I was given work with his men.

Q. (By Mr. PHILLIPS.) How many days had you been out at this time?—A. I had been out just a week then, living by chance jobs—that is, being given work to saw wood or something of that sort and getting in payment a night's lodging, or a meal, or whatever I needed. But as I say, the results of a week's experience of that sort of thing was that I found that it was unsatisfactory and I was not getting any results; therefore I adopted this plan of securing more permanent work. I was surprised at the readiness with which I found employment. I walked to Highland Falls, got a place in a mechanics' boarding house there, and there I stayed for a week working on the ruins of the Old Academic Building. It gave me the opportunity of very intimate association with the other men, gave me a chance to see how they lived, and, in the personal contact with the men to follow their ways of thinking and their ways of looking at labor questions and their general attitude toward life. I may say that I soon found it necessary to stop that sort of work for the time being at least; the strain was very severe and I was new to manual labor. I found that my hands were lacerated and I had to give it up at the end of a week and seek other employment. I went on from there only a day's march and, driven to shelter by the rain at a hotel up in the Highlands, I applied for work and was taken on as a porter; and, seeing the opportunity of investigating something of the condition of life among domestic servants, I stayed on there for a period of about 3 weeks, filling the position of hotel porter. When I had stayed there that length of time I concluded that there was nothing more special that I could gain; so I started out again early one morning and walked as far as Middletown in Orange County. There I began to look for work, and was given it digging a sewer on the grounds of the Homeopathic Insane Asylum near Middletown, Orange County, N. Y. In this way I continued my progress westward, simply looking for work of this kind, accepting any form of work that offered provided it was honest, and living with the other workmen. I next worked with a farmer a little west of Wilkesbarre, Pa., and after a week's stay with him, I found a place in a logging camp in the Allegheny Mountains.

Q. Will you please state about how much money you earned? I would like to know how you progressed from one place to another, and if you saved any money.—A. My wages varied. At the first job where I was engaged, at the Old Academy Building, I received \$1.60 a day. I paid \$5 a week for my board. The savings, of course, applied simply to the week's work, and they were very little, and were entirely taken up in the payment of my week's board; and in payment also for the necessary things which I had to get. I had but one suit of clothes, and I had to get a suit of jeans to cover and protect them, because they were the only garments I had with me, and I meant to live entirely by the work of my hands and to purchase my own clothing as well as my support in every other way.

I will say in regard to the next employment, that of hotel porter, I was paid at the rate of \$3 a month and my keep. There were no expenses, and what I had earned in the course of my stay there was clear gain, excepting that I had worn my boots out and had to have them renewed, so that the little balance I had left was, as I remember, slightly under \$3, and this served to purchase food on the road to Middletown and prevent the necessity of going without either food or shelter at night until I got a job again at Middletown. There I saved my wages, and for something more than a week's stay my savings were sufficient to secure food and lodging until I got another job with a farmer near Wilkesbarre.

I walked along the country road because—though it was perfectly obvious that my savings were such that I could have gone by rail and covered the distance in very much shorter time—this walking gave me opportunities for frequent contact

with the farmers and frequent opportunities of work with farmers. I had a number of conversations with them and always, as far as possible, drew them into conversation in regard to political and social matters in which they as a class might be interested, and I gained much of the most valuable experience to me from contact with these men.

I might say that in no instance did I save a sum of money which represented possible accumulations in the various occupations. As soon as I had saved a little from one occupation, I exhausted that little sum in going on in the country until my funds gave out, and then I was obliged to seek other employment.

I think you see that became a systematic plan of operation: Working in one place, saving and making that the basis of sustenance until I had covered as wide an area as I could, and until I had exhausted my funds, and then looking for new work. It simply created a set of conditions which in themselves formed the basis of an experiment. It did not, for instance, involve my leaving one occupation and having a definite point in a westward course as my objective, where I would look for work again; but I would walk until my savings were exhausted and then look for work, wherever that happened to be.

I can not, therefore, testify with reference to the amount a man might save if he should work continuously, at any of my jobs for, say 18 months or 2 years. I can testify, however, that in every instance of employment I always found it possible to save from my wages.

Let me take a typical case, in the city of Chicago during the winter of 1891-92, I reached the city in the beginning of the winter and found the conditions that I had entered were wholly different from those with which I had become familiar in the course of my thousand miles walk from the Atlantic coast. I was for the first time in a large industrial center. Previous to this I had been walking through the country.

I need not dwell on my various experiences because it would become simply prolonged and monotonous. I will take it up at this point and say what the result of my experience was in relation to this matter of employment, and the possibilities of saving, and then I will come back to one or two of these cases in regard to another question.

When I reached the city of Chicago in the beginning of the winter of 1891-92, I found myself under a wholly new set of conditions. There was nothing which surprised me more in connection with my early experience than the ease with which I found employment. I was never obliged to look long for work and never, as I recollect, over a single day without finding it; but that, however, was in country communities or relatively small towns. But when I entered Chicago I was in the midst of a large industrial center and found that I was there simply one of the army of the unemployed; that the supply of labor was in excess of the demand by many thousands of men, and that the search for work there was under wholly different conditions. I may say that two weeks of effort to find employment proved fruitless, but when I did find employment as a hand truckman in a factory on the west side of Chicago, I received a wage of \$1.50 a day. The existence of a large army of unemployed and the pressure of competition among the men seeking employment did not seem to affect the employment of men in a factory such as that where I worked. This \$1.50 a day represented a sum considerably above the means of subsistence. I got board in a tenement house immediately opposite the factory for \$1.25 a week. The \$1.50 a day represented a gross weekly wage of \$9, and the margin between the \$4.25 and the \$9 represented practically the possibility of saving, because my only expenses above my board were laundry and a few items of that kind, which were relatively unimportant. So I found it possible to save almost the entire sum between \$4.25 and \$9 a week.

I remained at this factory for about 2 months, and the savings which I had accumulated during that time enabled me to devote some days of leisure then to the working up of my notes. I may say in this connection that I found it impossible to keep my notes very closely during the time when I was actually at work, because the strain of manual labor was such that when the day's work was done I found that I was unfitted physically for any further effort in the evening—mental effort, even. I might explain, however, that that was probably due in a large measure to my being wholly unaccustomed to manual labor, and had I been accustomed to it I might not have found the strain quite so exhausting as it was.

Then, to revert for a moment to these various forms of employment which I have described: Among the men at West Point and among the domestic servants in the hotel and among the men employed at the insane asylum, and notably among the lumbermen in Lycoming County, Pa., I may say, with the possible exception of one or two cases, I never found employment which did not offer the means of improved position; that is, it made no difference, however unimportant

the employment seemed at the beginning, however unpromising and restricted the opportunities, yet I found in every instance that there was a chance of working to an improved condition. As a hotel porter, working for \$8 a month and often working for 16 hours out of the 24, I found the chance of securing a position as assistant gardener was open to me with a great improvement as to position and as to wages.

While working in the logging camp in Pennsylvania—and I may cite this as the best instance of the sort—being in the position of the most inexperienced man in the camp, and coming in contact with men who were trained in their occupation as loggers, and I might say admirably trained, I was at a disadvantage at first. Having no experience of a logging camp, and knowing nothing of the nature of work in the woods, I was at a great disadvantage. But I had not been there long before I found that the boss of the camp, while an admirable manager of his business, was ignorant of anything outside of the range of his work, and that the very fact that I could be of assistance to him in the matter of keeping his accounts—I am not speaking now of anything which involved bookkeeping, because it was not a question of bookkeeping, but simply of keeping a record of the loads of bark that went to the tannery and the number of pounds in each load, and some relatively simple items of that kind—that very fact that I could be of service to him immediately gave me a standing in the camp which I had not at all as a mere unskilled laborer, and put me in such a position with reference to the boss that he was more than willing to keep me at a very much improved wage over that which he paid me at the beginning, which was 75 cents a day and my keep. I speak of this because it is a matter which has to do, not with a trained bookkeeper, but an acquaintance with elementary arithmetic, which would be within the range of any boy who had had a few years' teaching in the public schools.

Q. Did you accept that employment?—A. I could not accept it. I accepted it for the length of time of my stay, but it was impossible for me to stay there permanently, but the boss urged it on me as an opening which he was more than willing to give me if I would stay, explaining to me that he had lost seriously on the contract of the previous year on account of his inability to add numbers correctly. It really reduced itself to that.

I may speak of the work in the factory on the West Side in Chicago as illustrating the same principle. I constantly saw men who entered the factory as unskilled laborers advanced to positions of advantage as soon as they showed any capacity for the piece-work system which was in vogue there. Among the things that I observed nothing was more notable than the anxiety on the part of the employers to discover any special ability on the part of their hands, especially in this factory, where it was the constant care of the superintendents and the foremen to discover among their men any evidence of special capacity in order that they might immediately promote them. So that under my own observation in the course of a few weeks there I saw men promoted from one position to another in the range of work of the factory.

I may say that after remaining as a factory hand for 2 months, and then finding it necessary to take some time in order to bring my notes into condition, I next sought employment at the exposition grounds. This was in the early spring. I readily secured employment there with a gang of men who were making roads on the exposition grounds, and there again noticed the same care on the part of those who were in positions of responsibility and authority to discover any special capacity among the men whom they were employing. So if I am justified in making any generalization at all, I would like to make it with respect to these two things: First, no man in this country who is willing to work and is willing to accept any form of honest employment, and is not bound down to any one locality, but is free to go out into the country and look for work, need look long fruitlessly for employment; and in the second place, every form of employment which I secured as an unskilled laborer practically opened the way to improved position.

Q. (By Mr. KENNEDY.) What would have been your condition had you had a wife and 2 or 3 children on your hands?—A. Exactly, and I was just going on to explain myself with reference to that particular. It comes in perfectly well here. The labor market in this country is of such a character in certain localities and in certain seasons of the year that my observation with regard to the ease with which employment may be found does not apply at all in general, and does not apply at all with reference to particular cases.

When I was in Chicago in that congested labor market, I came to know numbers of individuals, men who were some of them unskilled laborers, others who belonged to the skilled trades, but who were bound to the community by reason of family ties; their wives and children were there, and they were not free to go

out into the country. I myself realized, so far as I was concerned, that a day's march into the country would have taken me to communities where undoubtedly I could have got work easily. I found that true as I approached Chicago late in the autumn; it was perfectly possible for me to get work among farmers; and yet when I got into the city I found myself simply one of an army of the unemployed. Then rather than get out and mar the experiment, as I had tried it thus far, I thought I would remain in this congested center and see something of it; so I did remain, remaining as one of the army of the unemployed, and it was about a fortnight before I actually found work. Then I continued as a working man in Chicago throughout the winter of 1891 and 1892, and did not leave there until May of the year 1892. In the course of this time I saw very clearly that while in the case of a man such as I was, free to move about, it was true—because I tested it in so many communities and under such widely different circumstances—that such a man need not look long for work fruitlessly; yet that fact does not apply to a very large proportion of the working classes, because of the fact of their being in communities from which they are not at liberty to move with ease, as I was.

Q. (By Mr. LITCHMAN.) How far did the apparent fact that you were an educated man assist readily in obtaining work?—A. I have no hesitation at all in saying that the fact that I was an educated man was of service to me in this way, that it widened my horizon. I mean by that it made it perfectly possible for me to venture out without any special fear of the consequences of the venture, and in that respect I did have an advantage. One serious disability attaching to a workman, even if he is free to move about, is the disability which I might call the lack of imagination. He has been accustomed to one form of employment; he shrinks from venturing into an unknown world, so to speak. I may say, however, in that connection that my being a man of education was a disadvantage to me in the matter of finding employment because of the suspicion that it would arouse in the minds of employers. I did not find that workmen themselves were suspicious of me. They accepted me with perfect indifference, and made no discrimination at all; they always asked my name, and always asked where I was from, and I think they had an idea that I was some new kind of an immigrant; but they, however, made no discrimination against me whatever, and I had not the smallest difficulty in getting on terms of intimate association and fellowship with the workmen. Every gang I worked with took me into their fellowship.

Q. You always went under your own name?—A. I always went under my own name, because if anything happened to me it would be very much easier to communicate with my people than if I was under an assumed name. I think, though, that so far as employers were concerned my being an educated man was a disadvantage to me, because of the suspicion that it might arouse in their minds. So I think I am not unfair in saying that while it was an advantage in making it possible for me to carry out my experiment as an experiment, it was a disadvantage in contact with employers.

Q. (By Mr. CLARKE.) Did your employers and your fellow-workmen always discover that you were an educated man?—A. I think my employers as a rule suspected me of being an educated man. I think that my fellow-workmen did not so much think of me as an educated man, but as a man brought up under conditions which were unfamiliar to them. I was in the dress of a workman of this country, and in this country, where there is such a wide variety of workmen, an experiment of that kind could be carried on very much more successfully than in any country where there is more uniformity among the laboring classes as such. So that I do not think that I frequently aroused any special suspicion on the part of men with whom I worked. Certainly I never was made to feel that they felt any suspicion of me. They accepted me as a workman and were not unfriendly. They seemed to account for the fact that I was accepting unskilled labor by the assumption that I was a skilled workman but unable to find employment in my trade.

Q. (By Mr. FARQUHAR.) You belonged to that hard-up class?—A. Yes; something of that sort.

Q. (By Mr. PHILLIPS.) Did your employers have an idea that you were experimenting with working people?—A. No, I do not think so.

Q. (By Mr. LITCHMAN.) Wasn't it more in the nature of a suspicion that you might be a labor agitator?—A. I am not sure of what the suspicion was. I think numbers of them thought I was a deadbeat of some sort, that I was probably an embezzler or something of that kind. I do not think they suspected me of experimenting with men. I do not think that that occurred to them as a suspicion. One farmer for whom I was working in Pennsylvania frankly told me before I left—we got to be very good friends—that he thought I was a drunkard, and that I had gone down in the world as a result of drink and was willing to

look for any form of manual labor I could find; and I think that that, perhaps, represents the type of suspicion on the part of my employers, and that fact of itself constituted a disability so far as getting work was concerned.

I might add in this connection that I think my having had the advantages of education were all in my favor, because I had certain defined objects in view. I wanted to retain my work, for one thing; I wanted to see whether in that particular form of employment there were any chances of improvement of position. I had these very definite objects in view, which, of course, were the results of my having had the advantages of education; so that the conditions under which my experiments were carried on were largely artificial conditions. I admit that frankly, and I wish to say that I do not think that my experiment as such furnished the basis of any valuable generalization beyond that which I have already made, and that is the ease with which a man unattached, free to move about the country and willing to accept any form of honest employment, may find work; and also the possibility which is always open to him in almost any form of work, of working up to improved positions. I think those two I am justified in making upon the basis of my experiment, because I tested the conditions of employment in so many different communities, going on foot, as I did, from the Atlantic to the Pacific, and working under such widely different conditions: always, however, gaining work as an unskilled laborer, that being the only form of labor that was available to me as a beginner.

During all my stay in Chicago I was coming constantly into contact with hundreds of men. I might even say thousands of men, who were without employment. There can be no question that there were not openings for thousands of the men who were in Chicago that winter; that the local labor market was congested and overstocked to the extent of many thousands of men. But the contrast in the course of my experiment farther west could scarcely be more striking than it was when I left Chicago. The country was saturated with almost continuous rains in the spring, so I got only as far as Joliet, when I had to go to work again. I found work in the grounds of the plant of the Illinois Steel Company with a gang of day laborers, pick-and-shovel work, but I remained there only about a week, and then with the savings that I had accumulated I began to walk toward the Mississippi.

From Chicago to the Mississippi, up into Minnesota and down from Minnesota again to Iowa, across the State of Iowa to Omaha and from Omaha west through the state of Nebraska, I found a uniform condition of things; and that was, so far from its being difficult to find employment, it was a constant embarrassment to avoid employment. I persisted in my plan of walking because of the opportunities of the contact with the farmers. And every day—I can not recall a single exception—I was stopped and asked to accept work. That was a uniform experience and it not infrequently occurred that in the course of a day's walk, say, 30 miles, I would be stopped three or four times by farmers, never once having to apply for work myself.

Q. That was what time of the year?—A. That was through the summer. I left Chicago in May and I reached Kearney, Nebr., in September; and this was the period of the year which was most favorable to employment. For example, I was walking in the direction of Blue Earth City, in the southwestern part of Minnesota, and there overtook me one afternoon a physician who had been paying professional visits some distance up the road, and he asked me to ride with him. I simply speak of this as a typical instance of testimony of conditions in that part of the country. I began conversing with him, as I always did, about the political and economic condition of affairs, and especially with reference to the conditions which characterized his own part of the country; and he told me of the great demand for men in that part of Minnesota. By way of showing the contrast, I described to him my experience of the winter before; how I had reached Chicago in the early part of the winter and found that I was simply one of a vast army of unemployed, and that most of these were unemployed throughout the winter, although I had finally found employment myself. He pointed out to me to his certain knowledge that within a range of a few neighboring counties they could have put 30,000 men to work. I said: That is a condition which belongs to the season of the year. It is the harvest, and this demand for men is a demand which has to do with that season of the year. He emphasized the fact, and it was an emphasis which was borne out by the testimony of numbers of farmers for whom I worked and with whom I came in contact, that the demand for men was so chronic among farmers in that region that they were more than willing to keep desirable men throughout the winter at a nominal wage in order to be sure of their service from the 1st of April to the end of November. So that any desirable man, even one who had had no experience as a farm hand, had abundant opportunities, not only of going to work but of keeping at work. When the farmers discovered my inex-

perience, the mere fact that I was willing to work and willing to learn constituted with them a sufficient cause for keeping me and even urging me to stay with them.

I may say in this connection, however, as qualifying the condition which is represented by such a contrast as that, that I am willing to concede that it does not apply to a very large number of unemployed, because of the conditions of life of the farmers in our country. The farmer in taking a hired man accepts him to the intimacy of his family life; he becomes one of the family. I, in being hired as a farm hand, would be taken into the home; I would sit with the family at their meals. The difficulty with regard to large numbers of those who constitute our unemployed in our large cities is that they are not fitted, in the first place, by experience or training for the farm life of our country; and, in the second place, they are not fitted socially for the sort of life that is involved in the life of a farmer in our country—that is, the farmer could not take into the intimacy of his family life many of these men who constitute a very large number of the unemployed. I simply speak of that as qualifying the condition which I have already described.

I firmly believe that there are opportunities and abundant opportunities of employment for every man in the country who is able to work and is willing to work, and that the problem of the unemployed results very largely from the lack of adjustment as between the supply of labor and the demand for labor.

Q. (By Mr. FARQUHAR.) Do you intimate that there is a class of city unemployed that would be undesirable in the country?—A. Yes.

Q. As a result of vicious habits or what?—A. Not to go into the question of vicious habits at all, I mean men who, by their antecedents and their bringing up, are unfitted for this form of employment as it exists in our country. I may explain that the result of my contact with the farming classes in this country gave me the very highest opinion of them. I lived in numbers of instances in the homes of farmers for whom I worked, and the high, intellectual family life, the purity of the social life, the admirable exemplary character of the whole life of the farmer class impressed me very strongly indeed. Through the Northwest, for example, I found large numbers of New England farmers who preserved, it seemed to me, the very best traditions of New England in their family life and in their social life. To ask men of that character and families of such a character to accept into their homes such men as one finds among the unemployed is asking, I think, the impossible with reference to large numbers of them. I do not mean that that applies to all. But the newly come immigrant who is altogether unfamiliar with our traditions, unfamiliar with our language, unfamiliar with our methods of doing work, unfamiliar with our social life—to ask such men into the intimacy of the family life of the farming class, I think, is practically an impossibility.

Q. (By Mr. CLARKE.) I would like to inquire in that connection whether any of those farmers have made provision in outbuildings for the suitable and comfortable accommodation of help who can not really live in the family?—A. I can not say that I found evidence of that excepting on the very large farms, the large ranches of the Southwest, of California, for example. There such provision was made. But the common, uniform practice on the part of the farmers with whom I came into contact was that their hired men were taken right into the house and became members of the family as long as they stayed.

Q. (By Mr. PHILLIPS.) Usually ate at the same table?—A. Ate at the same table, yes, with the family themselves.

Q. (By Mr. A. L. HARRIS.) Please state, if you will, the average wage of the farm hand?—A. In reference to my experience as to the average wage, I may say that the farmers with whom I came in contact preferred to make a monthly arrangement—that is, they offered me \$20 a month; that was my almost uniform experience. They offered me at the rate of \$20 a month, which they explained to me was what they were willing to pay a man in my position from the 1st of April until the end of November and everything found, even to my washing being done. I had an opportunity, however, in working by the day, say in the haying season, instead of by the month, at a daily wage of \$1 with everything found. But in the harvest season if I had had any skill, it would have been easy for me to have secured a wage as high as \$2.50, because there were numbers of men who were getting \$3 a day during that season. I may say, of course, that that season lasts for a comparatively few weeks. But the most skilled men in that farming region which I passed through in the harvest season were getting as high as \$3 a day, and \$2.50 a day was a common wage for skilled men, though I was constantly offered \$20 a month, and had the choice of accepting a dollar a day; and I, of course, represented the most unskilled form of labor on the farm.

Q. (By Mr. CLARKE.) Did you go into any families of immigrants and work

for any of that class of people?—A. I may say that I had the opportunity of coming in contact with that class while I was in Chicago. While working in the factory, for example, I lived in a boarding house in a tenement opposite the factory, kept by a Scandinavian family. And during my stay in Chicago I had very admirable opportunities of coming in contact with the immigrants in connection with the sweating system as I saw it under operation, and also in connection with the meetings of the revolutionary classes. I made it a point, during my stay that winter in Chicago, to attend as many of those meetings of the revolutionary classes as I could, and to come to personal acquaintance with as many of their leaders as I could, and also to acquaint myself as far as I could practically with the working of the sweating system. I regret to say that I did not get employment in any of the sweat shops. I should like to have had the experience of employment in a sweat shop. I suppose it was my lack of experience in any form of labor which has to do with the operation of the sweating system that caused my failure there. Of course the operatives in the sweat shops are very large in number and the competition among them for employment is very keen indeed, and I stood a very slender chance of getting employment. But I had the chance of acquaintance with numbers of men who were themselves the victims of the sweating system, and I came to fairly intimate acquaintance with the sweating system through acquaintance with those men, going with them in many instances to the sweat shops and having explained to me in detail the working of the system. Then I found that among the revolutionary classes, among the socialists and anarchists, they were almost altogether foreigners and of comparatively recent standing in this country—that is, having come comparatively recently to the country.

Q. (By Mr. FARQUHAR.) Were those revolutionists made up mostly of working people or were they professionals?—A. Oh, no; I may say that the revolutionary classes, as I came to know them in Chicago, were made up almost exclusively of working people. They represented, as far as I could gather, the skilled artisan class of working people.

Q. Chiefly what nationality?—A. I should say that there were more Germans among them than any other class. I may be wrong as to that, because I took no census; but the predominating type of socialist and anarchist that I came to know was either German or Polish Jew—the overwhelming majority that I knew personally. I recall an Englishman who was a leader among the socialists, a notable leader among them. I also recollect a Scotchman who was a socialist and rather a prominent member of the organization of socialists there; but the largest number were Germans or Polish Jews.

Q. And late importations?—A. And late importations, yes; very few of them had been long in the country.

Q. In coming in contact with them and in conversation with them, did they ever confess that their conditions in this country were better than they had been in the countries they had left?—A. Oh, yes; it was common for them to confess that the conditions in this country were better than in the countries which they had left. The conditions were better because the competition was not so keen. One of the most valuable acquaintances which I made among the socialists was with a young Polish Jew who had organized the Cloak Makers' Union in Chicago. He was a student of economics, and an exceedingly well-informed socialist. His personal history had been that he was born in a sweat shop in Poland under conditions which were very much worse than existed in any of the sweat shops of Chicago, although they were bad enough at that time.

Q. (By Mr. PHILLIPS.) Perhaps you would like to take up the far West?—A. Yes; I have already explained my experience from Chicago throughout the West, through the Northwest, and through the more distant West, and through Nebraska; that it was an experience perfectly uniform in the matter of the ease with which I found employment. And I may add that it was not always on the farms. When I reached Council Bluffs, for example, I had exhausted what savings I had from my last occupation as a farm hand, and it was necessary for me to find employment of some sort. I had to enter the city because my letters had been forwarded there and I had not had my mail for a month and was anxious to get my letters. I was without money and I had not even 5 cents with which to pay the toll on the bridge which leads from Council Bluffs to Omaha, so that I had to find work of some sort. And looking for work in the afternoon in the city of Council Bluffs, I got a job at a livery stable at \$20 a month and my board. I had the option, I remember, of receiving \$30 and securing my own board or of being paid \$20 and having my board provided, and I accepted the latter arrangement. I remained there 3 weeks, working in this livery stable. Then with my savings I went on across to Omaha and stayed there for a short time, and then went on

through Nebraska, meeting there exactly the same conditions which I had experienced up to that time, of ready employment in the country; and not only employment on the farms; for when my savings were gone again I was about 200 miles west of Omaha and under the necessity of finding employment; I got work with a gang of navvies who were working on the Union Pacific Railway, and there I worked at \$1.25 a day. I have to draw upon my memory for that. They were paying, as near as I can remember, \$4—it may be \$3.50, certainly not more than \$4—for board. There was a gang, and we all lived in the boss's shanty, which was 4 miles from Kearney, at a little station called Buda. After spending about 4 weeks there studying the conditions on the railway, the opportunities of work, and the opportunities of improved condition, which, I may say, perfectly coincided with my past experience, I had accumulated a store of savings, and I walked on westward. When I got out onto the alkali plains I took a part of my savings and purchased a ticket to ride across the plains, because there was no object in walking there. I soon found my way to Denver and from there down to Colorado Springs, and then over to Cripple Creek during the early days of mining there. Then I searched for employment, but found myself in very much the same condition I was in in Chicago; that is, the number of unemployed was very large, and in those early days of the mining camp at Cripple Creek I found it impossible to get work in any of the mines. I went on from there to Creede, which was also in its early days, and there I found work, not in the mines, which was a great disappointment, but with a gang of men building a road on Batchellor Mountain—cutting a road down to Creede. I readily found employment with those men immediately upon my application. I can not say with regard to that specific employment that it seemed to me to afford any special opportunity of improved position excepting that, as I might have continued longer in the camp and have got to be known and established a good character, I would probably have had the opportunity of improved position in some other line of occupation, either in the mines or in some commercial opening that might have offered itself. With reference to the rest of my journey across the country, I may say that it was under conditions which do not seem to me to be of any special importance with regard to the economic conditions in this country, because I fell in with a prospector in Creede whose home was in Phoenix, Ariz. He had some burros and an Indian pony and was very anxious to go back to Phoenix. He had been unsuccessful in his experiments in the mountains that summer and was without money. I had my savings from my job. I had received \$2.50 a day, which was the highest wages I ever received—\$2.50 as an unskilled workman.

Q. (By Mr. FARQUHAR.) On road making?—A. On road making. I had my savings with me and we got a little supply of provisions, and starting out with his burros and blankets and cooking utensils we walked across the mountains and down to Durango, through the San Juan country and the Navajo Reservation, and down through the region of the petrified forest, and across the "rim rock" of the Mogollen Mountains, and so on down to Phoenix. That was of great interest to me as giving me an acquaintance with the fast-disappearing frontier of our country. But I can not say that it had any special interest or bearing upon my experiment as such.

Q. Did you come in contact with any Chinese labor during this time between Creede and Phoenix?—A. No; I did not. No; I came in contact only with the scattered ranches of frontiersmen. Wherever on these plains there was a sufficient supply of water for the purposes of irrigation there would be a small settlement or ranches, as in the case of Woodruff, in Arizona. There was a settlement of Mormons that had utilized the waters of the Little Colorado, I think it is, and had irrigated the region there and brought it under a most admirable condition of cultivation. And it was that sort of thing that I was constantly coming in contact with through this region. I know it would have been very easy for me to have gotten employment on almost any of those ranches, but I was not looking for employment then. I simply considered it a very fortunate chance to have fallen in with a prospector who knew that part of the country. It would have been impossible for me to cross it alone. It was almost the most sparsely settled part of America, and I had the opportunity of going 600 miles across this frontier in company with a man who knew every foot of it, and it made it possible for me to cross it on foot, as I desired, in order to see it.

Q. (By Mr. PHILLIPS.) Will you give a description of your experience from that point on?—A. From that time on it has no special bearing on the economic investigation, because from Phoenix I rode into southern California, knowing that it would be of no purpose for me to walk across the plains from Phoenix to Yuma, and from Yuma into the Colton region. From Los Angeles I walked up the coast by way of Santa Barbara to Monterey and up to San Francisco. I fre-

quently applied for work during this walk in order to test the opportunities of employment, and I may say that I was repeatedly offered a chance to go to work, but there were special reasons why I should return to the East as quickly as possible. I simply made San Francisco my objective, and I took about a month for this walk from Los Angeles to San Francisco, and then hurried back to New York with all possible speed. I simply stopped long enough on that road to test the opportunities for employment and found labor abundant, just as I had in all parts of the country; that is, if I was in country communities, not in the larger towns. There was nearly always this difference in finding work.

Q. What would be the opportunity for married men to secure work along the line you have indicated?—A. I will say, in the case of a married man who, let us say, has his skilled trade, or even the married man who is without a trade and who is an unskilled laborer, that it is perfectly conceivable that he may be in a congested labor market and unable to go out and seek employment in the country; and that while the opportunities of work may exist in other regions than his immediate region, yet, so far as he is concerned, he is cut off from those opportunities by reason of the ties which bind him to a particular locality. In other words, a man may be in a congested labor market, and it may be impossible for him to find work, and also impossible for him to go beyond the range of that congested labor market and seek work in regions where it may be found.

Q. You have said that there were thousands of men who were in the army of the unemployed and a great many of those were married people. What do such people do when there are thousands of people who can not get employment? How are they supported—that class of unemployed?—A. I may say in regard to the army of unemployed, as I saw it in Chicago, that while there were many thousands of men there obviously in excess of the local demand for labor, yet a very considerable part of this number was made up of the tramp class. I had very little contact with the tramp class. Walking along the country roads I was almost not brought in contact with the tramps at all. The tramps travel by the railway systems, usually beating their way on freight cars, or in some such way traveling from place to place. It was perfectly obvious in the course of my first two weeks' stay in Chicago that a very considerable element of the unemployed consisted of this tramp class. This class of people, of course, do not work at all. They simply come into the large industrial centers in the winter because they are able to live with greater comfort there than in the country. There is always the police station to fall back upon for a night's lodging. It is perfectly possible for large numbers of them to make a considerable sum of money every day almost by what is known as the hard-luck story—stopping men on the street and begging. I have no personal accurate knowledge of it, but I have been told that men who become proficient in that line will make as much as \$1.50 and \$1.75 a day; that is, they will average as much as that. And then the saloons which furnish free lunches make it possible for these men to live in large numbers on comparatively small sums. I may add that in addition to the station houses and the free-lunch counters of the saloons, the cheap lodging houses—the 5-cent, 10-cent, and 15-cent lodging houses—make it possible also for them to live in large numbers. Therefore in all the large industrial centers, complicating this problem of the unemployed, are always large numbers of men who swell the army of the unemployed, but who really do not belong to the labor class as a class, who are not men looking for employment at all. And among the unemployed in the large cities, in the industrial centers, in the winter are also large numbers of men who follow trades which furnish very limited employment during the winter months; they are in a measure supported by the trade unions during the winter when that trade is light. There does remain always, however, in the industrial centers large numbers of men who are drawn there, I suppose, by the gregarious instinct, who are really looking for work, who would be willing to accept any form of honest employment if they could secure it; and the great pity is that they have ever allowed themselves to enter the industrial centers, that they have not made it a point to go out into the country and seek employment there, not necessarily on farms, but in country communities and small towns.

Q. (By Mr. LITCHMAN.) In saying that you are speaking of the unmarried?—A. Of the unmarried, as applied specifically to them. I do not think in the case of all married men that it was necessary for them to get themselves into these industrial centers. They might have remained in the country, or might have taken advantage of some favorable opportunity to get there.

Q. Would they not go where their trade calls them?—A. Yes; if the trade has called them, that is true.

Q. The branches of skilled labor that are often called unskilled, does not that apply?—A. Yes; I think it does. I do think there is either a lack of knowledge

of opportunities in the country, or else there is unwillingness on the part of men who know of those opportunities to accept work in the country with the conditions of life which attend country employment. I found in numbers of instances men who, although they knew from their own experience that they could get work in the country, preferred the comparative destitution of the chance employment in the city to the conditions of isolation and loneliness which attend the life of labor in the country itself.

Q. (By Mr. FARQUHAR.) Did you find that the stationary or permanent labor of the smaller communities in the West and Northwest was made up usually of married men, men who have families? Did you come across many that ever took the risk—where they had a wife and children, and not knowing of a situation in Chicago or in Joliet or in Burlington—of moving a family 100 miles on the chance of trying to get work? Are not those cases very few?—A. Yes; I think I understand you; and I should say, on the basis of my experience, that it was characteristic of the working people in country communities that they were married; that that was the characteristic of the skilled workmen, let us say the carpenters or the bricklayers or the masons—that they were married men; but as to the going of married men, and taking with them their families, into a great industrial center like Chicago—the conditions which existed in Chicago that winter were exceptional; so that while it is true from my observation that large numbers of married men had gone into the city, it was because the exposition buildings were in process of erection and had attracted them.

Q. That was an abnormal condition?—A. That was an abnormal condition; and I think that the drift of your inquiry indicates the truth, so far as my knowledge goes, that the married workman in the country communities does not commonly run the risk of taking his family into industrial centers on the chance of getting employment there at perhaps better wages.

Q. (By Mr. CLARKE.) On the other hand, is it not true, from your observation, that a good many married men go to the industrial centers with the expectation of getting employment there for members of their families, and is it not true that many of the unemployed men in Chicago were supported by the earnings of some member of their families?—A. The last of that is perfectly true, so far as my observation goes. So far as the first part of your inquiry is concerned, I do not think that my experience warrants me in making a statement about it at all, because the very few instances that I came to know of personally would not furnish the basis of an opinion of any value. But I have no hesitation at all in saying that in large numbers of cases the family was kept from starvation by the work of children of the family; and very often the work of the wife, perhaps, and the children in the sweat shops—that the sweating system, whatever may be its evils, yet furnished forms of employment which made it possible to maintain families when perhaps the breadwinner, the father of the family, was out of employment; and not merely, of course, the sweat shops, but often the forms of work which are open to children in the factories.

Q. (By Mr. FARQUHAR.) As small villages increase and grow into small cities is it not a fact there in the West that the people are not nomadic; that the boy will learn part of the carpenter's trade and part of the shoemaker's trade, possibly, enough to make a living there locally, who could not possibly go in as a trades-unionist in a large city and compete equally with the men? And is it not a fact that as the population increases there is constancy of employment in some way the whole year round, and that the desire to go to the city is more in the unmarried people: that marriages are made locally there, the boys and girls growing up in the locality, as they did in the East years ago? Is not that the characteristic that is coming into the West now?—A. I think that that is the case; and I think, moreover, that the conditions of country living are being slowly modified in the direction of a natural solution of this problem. I mean in this way: That there is no doubt the world over that the gregarious instinct is operating very strongly in the way of drawing the country population into the industrial centers; and I think that the development, particularly in the West, with the rise of new communities and the growth of small communities into larger communities, accompanied by the cheapening of means of travel, is leading to a condition which is wholly new in the country—that is, in affording urban opportunities, city opportunities, in what were formerly isolated and lonely communities—so that the operation of this gregarious instinct will cease to be so strongly in the direction of the very large industrial centers and will tend eventually to make the population contented with the opportunities which come with the natural growth of these country communities.

Q. Did you find much discontent among the working people with whom you associated there west of Chicago—between there and the coast?—A. No, I may

say none whatever; as a working class none whatever in the sense of the revolutionary discontent which I found among the working class in Chicago itself.

Q. The foreigners?—A. The foreigners, yes. The discontent was of the kind which expressed itself among the farmer class in the agitation, let us say, for the free coinage of silver—something of that sort. It was not at all of a kind which expressed itself in the desire for the abolition of the rights of private property—for example, the subversion of the economic organization of society as it exists at the present time.

Q. (By Mr. PHILLIPS.) Would it not be well to make a comparison between the time that you made this investigation, the years 1891 and 1892, and the conditions existing in the midst of the great panic of 1893 and 1894? Were not the times, at the time you made this journey, almost abnormally good through the country, excepting the congested condition in Chicago; and would the same occur in 1893 and 1894?—A. Yes; I think if I had tried the experiment in the years 1893 and 1894 instead of in the years 1891 and 1892 that I undoubtedly would have found greater difficulty than I did in getting employment in any of the larger centers of population. I still think, however, that even if it had been the years 1893 or 1894 or 1895, the years of the depression that followed 1893, I would have found opportunities of work in the country very much as I found them in the years in which I did carry on this experiment, because the sort of work that I got was of a kind for which there would always be more or less of a demand—on the farms, in logging camps, and working on the railways.

It is perfectly possible that there may have been in this year, particularly in connection with employment like that on the railway, a supply of men far in excess of the demand; but that is merely an opinion based on the very greatly changed conditions of 1893-94 as compared with 1891-92. I do not think the conditions of 1891-92 were abnormal so much as the conditions of 1893-94, which I think were abnormal. The conditions of 1891-92 were relatively normal, and therefore I was rather fortunate in having hit upon those years as the years of my experiment. Certainly it is perfectly obvious that the conditions which existed in 1893, 1894, 1895, being abnormal, did not represent clearly the conditions in this country equally with the years 1891-92, which were more normal than the years following.

Q. (By Mr. FARQUHAR.) In your tramp from Los Angeles to San Francisco, occupying about a month, did you come across any Asiatic labor?—A. I did along the railways, and that effectually cut off the possibility of my finding employment on the railways. I could not have got work there, as I did in Nebraska, for example.

Q. Where they use the Asiatic labor are there mixed gangs of Americans and others working with the Chinese?—A. I observed no mixed gangs at all.

Q. More on the character of contract labor—somewhat on the padrone system?—A. Yes, I should say.

Q. You know nothing at all about the wages paid?—A. I know nothing about the wages paid there.

Q. (By Mr. CLARKE.) What kind of living did you find in the various places that you visited? I mean as to the houses in which the people lived, and the food that they ate, and the beds that they slept in, and so on.—A. I may say that my experience in that particular was perfectly uniform, so uniform as to admit of hardly an exception. I should say that the working class as a class in this country lives and fares far better than any working class in any part of the world; that in living with gangs of workmen, even with unskilled workmen, I lived for the most part in houses that were kept as mechanics' boarding houses. The houses themselves were good, the beds were good, and our food was uniformly good. It not infrequently happened that the woman who kept the mechanics' boarding house had previous to her marriage been out at service, and had in this way acquired some exceptional knowledge of cooking, and her cooking was excellent as a result. It was my common experience that we had meat three times a day. Indeed, workmen seem to demand as their right that they should have meat three times a day. I will use as an illustration—and I confess that on the whole it is the best illustration of the boarding house—the tenement house in Chicago near the factory where I was at work. We breakfasted at half past 6 in the morning in order to admit of our being in the factory at 7 o'clock. We had a porridge, we had meat, we had a vegetable, we had all the coffee we wanted for breakfast, and excellent bread—all, I might say, very well prepared. Thirty minutes was allowed for our midday meal, which was our dinner. The fact that 30 minutes was allowed was the result of choice on the part of the factory hands. Instead of working from 7 to 12 and from 1 to 6, we worked from 7 to 12 and from half past 12 to half past 5, getting off the half hour earlier in that way. We

used to run from the factory to the boarding house. There was, I might say, on an average about 15 of us factory hands living in this boarding house. When we entered the house for our midday meal we came just as we were from our work. We could not stop to wash ourselves, but sat down just as we were, and at each man's place was a steaming bowl of soup. When he had done with the soup it was replaced with a plate containing a slice of roast of some sort, and with this roast would be two or three vegetables and an abundance of bread, and after the soup and roast would come a dessert, usually pie—the men being very fond of pie—or sometimes a pudding. In the evening, after our day's work was done and we had a chance to wash up, we had a simpler meal, some cold meat and a hot vegetable, with an abundance of bread, and we finished up with a preserve of some sort—fruit in some shape.

That is perhaps the most favorable instance; but it is fairly typical of the sort of living that I got as a laboring man; and the rate I was paying there was \$4.25 a week.

I may say, as between the laboring class that lives in the mechanics' boarding house and the men working on the farms, the advantage is on the side of the mechanics. I did not find that the cooking was so uniformly good on the farms as I had in mechanics' boarding houses, nor was the variety of food so great. It was not at all an infrequent thing on some of the farms that much of the food would be fried; we would be given fried pork or bacon, with the potatoes fried in the fat of the pork. The bread was not nearly so good as we got generally in the mechanics' boarding house, and particularly the pastry was not nearly so good. I will say that while I got the impression that the contrast was altogether in favor of the fare of the mechanics, yet there were notable exceptions on the farm.

I worked for a farmer in Pennsylvania, where the cooking was admirable, could not have been better, and the cleanliness with which it was served was perfect, carrying out the very best tradition of country life in America. And I experienced the same thing in southern Minnesota in working for a farmer there. The service was dainty and clean and the food was well prepared and unexceptional in every particular. But I got the impression, on the whole, of better food, of greater variety of food, of better cooked food, in the mechanics' boarding houses than in the ordinary run of the farms.

Q. (By Mr. LITCHMAN.) What experience or observation have you had upon which to contrast the conditions in this country and other countries?—A. I have no personal experience at all; only the testimony of economists who are writing about the food of laboring classes in foreign countries.

Q. (By Mr. CLARKE.) On the whole, where do you think the condition of the workman is better, in the city or in the country? I mean both skilled and unskilled.—A. It is very hard for me to answer that question, because I see it in so many different lights. For example, one of the most valuable acquaintances I made when working in the exposition grounds was a carpenter who had come in from Ohio. He was a skilled workman. His position in this Ohio village where he lived was that of a member of the community, on terms of perfect social equality with everyone else in the community. He knew everybody—was on terms of social equality. His children went with the best children of the community, to school and at play. He was a carpenter, a cabinetmaker, and a contractor in a small way. He came to Chicago to take advantage of the high wages on the exposition grounds. He got employment there, but it was under conditions which were wholly new to him. A great pressure was brought to bear on him to join the union, and he found that instead of being an individual, as he was in the community in which he formerly lived, he was simply a number on the exposition ground, and in joining the union he merged his individuality into that of the union; that his special skill or special knowledge of his trade was of no very great advantage to him because of the uniform scale of wages required by the union.

Now, that man's position was altogether better in his country home; but I am not at all sure that that applies in the large to the whole number, let us say, of bricklayers or carpenters or stone masons or the various other trades organized into unions. I firmly believe that union organization is just as inevitably a part of our industrial organization as the centralization and organization of capital. I think it a parallel development perfectly inevitable and perfectly necessary.

Therefore in speaking of the condition in the large, I should say that it is very much better for the man with a skilled trade—better for him, better for his trade, better for the interests of his class that he be under conditions which admit of his being a member of the union and adding his personal strength to the strength of the union as such. So far as unskilled laborers are concerned, I can not but think that with the conditions of employment as they are in this country it is far better for him to be in the country than it is to be in the large industrial centers.

Q. (By Mr. A. L. HARRIS.) Which offers the greatest opportunity for becoming independent financially, that is, being able to control his own time and his own labor at his own work?—A. In the country, decidedly.

Q. (By Mr. LITCHMAN.) Your investigation covered the latter part of 1891 and the beginning of 1892?—A. The whole of 1892 and the beginning of 1893.

Q. Did it go far enough into the panic days of 1893 to afford any opportunities of contrast?—A. No; it did not. As I said a few minutes ago, a contact with the conditions of 1893 would have been very valuable as furnishing a contrast to my experience. Yet I think I am justified in maintaining it was, on the whole, fortunate that the experiment was carried out in 1891 and 1892, because those conditions were really more normal than the conditions of 1893, 1894, and 1895. The conditions were decidedly abnormal in 1893 and subsequent years.

Q. (By Mr. FARQUHAR.) Coming in contact, as you would, with all classes, with all nationalities, as well as all kinds of people in the unemployed class, what did you discover as to their social order or religious elements among them, their observance of Sunday, and such things as that?—A. Well, I may say that that varied widely with reference to the nationality and with reference to their religious antecedents. In the first place, among the classes with which I was associated, that is, unskilled laborers, there were very few native born. It was rather the exception for me to find myself working with native-born Americans. I was for the most part working with gangs of laborers who were men of foreign birth. The result of my observation among the various classes in the country was that working people of Protestant antecedents had very largely drifted away from religious influences, excepting in the country; that there the hold of Christianity generally as expressed in the organized church was still strong; but that among the wage-earning classes those who were of Protestant antecedents had either drifted or were rapidly drifting away from the organized church, and that the hold of the Christian church upon the wage-earning class who were Protestant in their training and antecedents was very slender indeed; but among those who were Roman Catholic in their antecedents their conviction and training was of a kind which lead them to retain their connection with the church as an organization.

For example, if I went to church in the country community I found there the farmers and the agricultural laborers with their wives and children; but in the city, as a workman, if I went to a Protestant church I found it was the rarest thing that there were other men there of my class—other workmen; whereas if I went to a Roman Catholic church I found the wage-earners overwhelmingly predominated, and that the Roman Catholic Church as a church was the only one that had retained its hold on the laboring classes, while the Protestant churches had very largely lost them, excepting in country communities.

I hope that I have emphasized as I should have the fact, as it appears to me, that my investigation was only important and valuable as it increased my personal knowledge; that I do not think that my testimony is of value either as a scientific contribution to economics or that the observation of the single individual, although carried through months, as mine was, is of any special importance except as applying to perhaps a very few limited conditions such as I have indicated in the opportunities of work and the opportunities of improved position.

Q. (By Mr. CLARKE.) Would you please inform us if you discovered much clannishness among the foreign element in the city or country, and if you entered any foreign colonies in any section?—A. Yes; there were evidences of national clannishness in the fact that there were large sections of a city like Chicago which would be inhabited largely by members of one nationality or another. There would be a Polish Jew region; there would be a region where a large number of Greeks lived; there would be another region where the overwhelming nationality of the population was German; and another Scandinavian. I might say I found there was a curious persistence of the same condition in parts of the Northwest, where I would find a Scandinavian community, where the adjoining farmers for a considerable area would be Scandinavians. There was another region that I was told of that was distinctly a French settlement; and another—this was a religious distinction and not a national one—where the farmers were all Friends. Other communities there were which were German. So that there was evidence both in the cities and in the country of this national clannishness and holding together of the population of one nationality.

I think, though, that the tendency in a large city like Chicago is to break that up practically by the conditions of work, because in working in a large factory like the one where I was, with 2,000 men employed, I found they were men of all nationalities, as representing the wage-earning classes in this country. As to the predominance of one nationality over another, I may say there were more Scandinavians than any other, but there were Irishmen, and also native-born Ameri-

cans in considerable numbers, and other nationalities as well. I found the same condition holding true on the exposition ground. There were about 10,000 men employed there when I was engaged with the roadmakers, and my gang was made up of Irishmen and Germans, and 1 or 2 native-born Americans besides myself, while the skilled trades presented a wide variety of nationalities in their constitution.

Q. What is your opinion of this colonization as a hindrance to the assimilation to an American style of living?—A. It seemed to me to be a decided hindrance, particularly in the country community, because it is there much more difficult to break it up than it is in city communities, as I have already indicated, by the character of work which throws the various classes together. In certain parts of the Northwest there are Scandinavian communities where the teaching is in the native tongue of the settlers, and I think that is a factor in making more persistent the national characteristics as over against the assimilation by the population on the part of the American nation. I observed, though, that the process of assimilation seemed to be very rapid in the country districts or communities, because the children of foreign ancestors in many instances showed the emergence of distinctly American traits. It was difficult in some instances to realize that these particular individuals were removed by only one generation from foreign birth and foreign bringing up. The actual process of assimilation seemed to be very rapid, although retarded in some instances by the persistence of these communities which I have spoken of.

Q. Do you judge it to be greatly beneficial to the American farm laborer—the foreigner—to be taken into the family of the American farmer?—A. I think it to be a matter of the first importance. I think that if a man is of such a character that he can be taken in it is of the very first importance to him as a matter of social training and as a matter of training for citizenship, because there is no class among whom he can learn American institutions as he can among our farming class—men who are themselves intelligent and observant, who know American institutions and believe in them, and who would be able to impart their knowledge to these men as no other class in the country perhaps would have the opportunity of doing, or who would have the knowledge to impart that this class has as a class. I came out of my experiment with the very highest regard for our farmers, the standards of intelligence, the standards of morality, the standards of patriotism, all seeming to me very remarkable among the farming class of the country.

Q. Have you studied the problem of the possible governmental distribution of immigrants among the rural communities?—A. I have studied it only in relation to the inauguration of a plan for State employment bureaus; and I might say in regard to that that it is so far simply in an experimental stage, and that I do not feel warranted in offering any opinion on it as a definite experiment. I do not, however, have any hesitation in saying that the feature of the problem of the unemployed very largely in the country which impresses me is the lack of scientific distribution, and that anything that can be done which looks toward a readjustment, and a more scientific adjustment, would be a thing that would go to the very root of this difficulty.

Q. I judge that you think there is room enough for a large immigration yet, provided that immigration can be properly placed?—A. Oh, yes; I do not think that the resources of our country are near their exhaustion yet. I think that our country might support a population two or three times in excess of the present population; that there need not be any serious pressure on the limits of subsistence in this country until the population is more than twice its present number—that is, considering the natural resources of the country. I am glad you spoke of that, because I think that bears directly on the problem of the unemployed; that if we had a population that was pressing on the limits of subsistence, that would in itself constitute a very serious phase of the whole problem; but I do not think that is true, and that therefore the problem of the employed as it exists must arise from conditions other than any pressure on the limits of subsistence. It is true there may be local pressure of that nature, but it is not true taking the country as a whole.

Q. (By Mr. FARQUHAR.) When you were in Chicago, associating with anarchists and destructive socialists, did you have an opportunity to belong to any of the societies or become intimate with the members, so as to know what their plans were and what they intended to carry out?—A. I could easily have joined the organization of socialists in Chicago, but not being a socialist and not sympathizing with socialism, I did not become a member of the organization, and especially as I did not have any difficulty whatever in attending their meetings and coming to personal acquaintance with them. And I should say that I do not

consider the socialists destructive in their views at all. Among the anarchists there are those, particularly those who call themselves communistic anarchists, who are decidedly destructive in their views, who believe in the violent overthrow of the present organization of society; but among the socialists I found that they were not at all destructive in their ideas in regard to the organization of society or in regard to the reorganization of society. I found them evolutionary in their views, believing that the processes of social evolution are all working in the direction of the collectivist order of society as contrasted with the individualistic order of society. I had no trouble in coming into intimate association with them so as to get their views. They offered their views with entire readiness to me, and I may say that so far as they are concerned they have two very definite objects in view. The first is a political object. The first part of their programme is wholly political—to form an organization which they hope to extend until it will embrace a sufficient number of voters to gain political control. The gaining of political control is simply preliminary to using this political control for the sake of the reorganization of industry, their aim being that instead of private property in the instruments of production there shall be collective ownership of them all. They anticipate no revolution in bringing this about, but they regard the progress of centralization and the organization of capital as being all in the direction of preparing society for final collectivist organization as contrasted with individualistic organization.

Q. Did you find in your intercourse with the workingmen any practical socialists or socialists that would talk their views and keep expounding their views to their fellow-men while they were off work—agitators in socialism?—A. Oh, yes, there are numbers of men, particularly among the socialists. I did not come so much in contact with the anarchists, but among the socialists the propaganda of socialism was, from their point of view, like the propaganda of a religion. They believe in it as a religion, and they believe in promulgating the ideas of socialism among all workingmen they come in contact with; so they try to make themselves the centers of missionary influence.

Q. Do these discussions bring out an element of discontent, or is it more educational or general discussion of principles and matters of that kind?—A. It was more a discussion of principles. I did not hear among these men much violent hostility to any given class in this country. They are constantly contrasting in their ordinary speech the capitalistic class and the wage-earning class; but I did not hear any violent speeches against the capitalistic class as contrasted with the proletariat. They seemed to regard the capitalistic class as a result of the evolution process just as much as the proletariat was the result of evolution, and that capitalists were not themselves to blame for the condition of things, but were simply factors in the further evolution. Quite frequently I would hear admissions on the part of these men that individually there were many good capitalists—good men—but that as a class it represented a necessary evolutionary development. They looked on it as tyrannous, appropriating the values created by the wage-earning class, but they did not speak of it in terms of hostility so much as in terms of theoretical accounting for an economical condition which was a part of the evolutionary development. I have the feeling, though, that among the anarchists the sentiment is very much of the nature of strong hostility to the class as a class; that they would like nothing better than the opportunity of destroying the capitalistic class and the whole capitalistic régime if they could.

Q. Also the wage system?—A. Oh, yes.

Q. (By Mr. CLARKE.) Did you notice whether that condition prevailed much among those who were thrifty, who had accumulated a little property?—A. No. And yet I would be very guarded about that, because among the socialists I came to know, and among the anarchists, were men who were industrious workingmen; no doubt about that at all. But it seemed to me to be true that among the rank and file of the men who were known as socialists and anarchists were men who were many of them not thrifty, were not good workingmen as men, and men who did not keep their jobs very long.

It was particularly noticeable among the farming classes that if I found a man who was at all revolutionary in his ideas—and I do not mean by that that I found many who were socialistic in their ideas, but such men as believed the free coinage of silver was going to reorganize the industrial world in such a way as to give them a very much better chance—I found the men who, as a rule, were most strongly advocating these ideas were men that seemed to me the least efficient as farmers; and the good, thrifty, industrious farmer was not likely to be a violent agitator of free coinage of silver, or the single tax, or any other panacea for the improvement of the condition of his class.

Q. I suppose you come in contact with an abundance of men who have not one-quarter of the education or experience or observation that you have, who have

very positive convictions in regard to all public questions?—A. Oh, yes, and who were entitled to them, it seemed to me, very much more than I. I am glad you spoke of that, because it gives me a chance to say something which I want very much to say with regard to these political and economic questions.

In the summer of 1892, when I was going through the farming communities, I came to know many farmers who were deeply interested, for example, in the question of the free coinage of silver, and I was very glad indeed of getting their views at first hand, and among the most valuable things, it seemed to me, that I got from my contact with these men was the relation which they bore to the whole question as a class. When, four years later, in the campaign of 1896, I read in the Eastern newspapers that this was a movement which was essentially dishonest and that the farmers were trying to pay off their obligations at 50 cents on the dollar, I resented that very strongly.

I do not think there is a more honest class in the country than our farmers. Such an imputation as that was exceedingly unfair, not appreciating at all the position of the farmer class.

However wrong the men may have been, as a question of finance, they were not at all wrong in looking at the matter from their point of view as producers, because it is indisputable that from 1873 down to that year of 1892 and for four or five years after there had been a steady decline in price, and that farmers over and over again found themselves in this position, as one farmer very concretely expressed it to me. He said: "Suppose I borrowed \$1,000 when I was getting a dollar a bushel for wheat. Suppose the price of wheat went down to 50 cents a bushel before I had paid my indebtedness. When I contracted my indebtedness I would have had to raise 1,000 bushels of wheat to pay my obligation, but when it came to meeting my indebtedness wheat had gone down to 50 cents a bushel and it involved my raising 2,000 bushels of wheat to pay the obligation. What I am contending is not that I pay 50 cents on the dollar, but that I pay for my outstanding obligation what it was worth when I borrowed it."

That was his point of view, and it represented the point of view of large numbers of our farming class, and it seemed to me there was a great deal to justify their view.

I had been looking at it purely as a student of finance, and did not appreciate their position. I could not help seeing the causes which affected the values the world over, such as the raising of wheat under improved methods of cultivation and improved methods of transportation. But they were looking at it from the point of view of producers, and so far from being dishonest in their purposes, there is no class in the country more stanchly honest than our farmers.

Q. Their view was based on the assumption that there had been a shrinkage in the volume of money per capita, as the result of the demonetization of the silver dollar?—A. Precisely; that the fall in the price of commodities was the result of a shrinkage in the volume of the currency, which they looked upon as having been brought about by the creditor class, that was interested in the appreciation of the value of the currency.

Q. If they had known the fact that instead of there having been a shrinkage in volume there was a constant and steady increase in that volume, do you think so many of them would have entertained the view that they did?—A. I do not think that so many of them would have entertained the view. I think if there had been more instruction, careful, systematic instruction, in the elements of finance that great numbers of these very intelligent farmers would have regarded the matter in an entirely different way. But, I think, so far as that is concerned, while many of them conceded that there had been an increase of volume of currency, yet their contention was that the increase of the volume of currency had not kept pace with the increase of commercial need.

(Testimony closed.)

WASHINGTON, D. C., December 14, 1900.

TESTIMONY OF MR. ROBERT A. WOODS.

Head of South End House, Boston, Mass.

The commission met at 10.50 a. m., Vice-Chairman Phillips presiding. At 3.30 p. m., Mr. Robert A. Woods was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you kindly give the stenographer your post-office address?—A. No. 6 Rollins street, Boston.

Q. How long have you been connected with that settlement?—A. Nearly 9 years.

Q. Were you there at the foundation of the settlement?—A. Yes.

Q. Is it a college settlement?—A. Yes.

Q. How many people does it engage in this work?—A. We have seven men in residence, and at another house three women. Then there is a group of associate workers who don't live on the ground, but who come usually once a week for some regular duty, numbering about 80 men and women.

Q. Is your work confined to the slum section of the south end of Boston, or do you go into the old north end also?—A. We are now engaged in making some studies of the north end, but most of our work lies at the south end.

Q. Have you any statement prepared concerning the work in which you are engaged?—A. I have made some outlines here with special regard to an investigation made at our settlement house, which was published in a book called *The City Wilderness*.

Mr. CLARKE. Please proceed, then, in your own way to enlighten the commission on that subject.

The WITNESS. Gentlemen: The object of the college or university settlement is to place in a poor and crowded district a group of young men or young men and young women who shall so far as possible identify themselves with the life of their district. They are supposed to be young persons who have been trained in college, in some branches of social science, and they go there with the double object of studying the situation, and of doing all that they can for improving the conditions which they find. In their work for social improvement they strive above all to work with the people of the district and to incite self-help and mutual aid among people just as far as possible.

The study to which I have referred covers a district containing a population of about 40,000. This district 25 years ago was the abode of very well-to-do people, but at that time some great changes were made in the city of Boston. A large part of the present city of Boston is made land. The new district which was built in this way became the abode of the more well-to-do citizens, so that this older district has gradually gone over to tenement-house and lodging-house population. Of this population of 40,000, fully one-half live in tenement houses—that is, where the families have from 1 to 4 rooms. One-fifth of the population lives in higher grade tenements and apartment houses, and nearly all the remainder live in lodging houses. In this entire district, which was formerly the abode of many well-to-do citizens of Boston, there are less than 100 families who have residences of their own—that is, who have entire houses to themselves. In this district the American population—that is, the population which has been American for 2 generations—constitutes about 30 per cent of the population, the Irish population 32 per cent, carrying it back to the second generation; British-American population, 9 per cent; Jewish, 11 per cent; British, 6 per cent; Italian, 1.7 per cent; German, 1.5 per cent, and the small remainder is made up of Austrian, French, Swedish, etc.

In this district there is a great lack of sanitary facilities on account of the increase of inhabitants per house; that is, these old houses which formerly were used as residences of well-to-do citizens and formerly accommodated one family, now accommodate a number of families, and accommodate two or three or four times as many people as they were intended for; so that the bathing facilities and water-closet facilities and all that are very inadequate to the present number of inhabitants. Where there are houses that have been specially built as tenement houses there appears the evil of the ventilating shaft and the dark inside rooms. In an investigation of this district, made some 9 years ago by the Massachusetts Bureau of Statistics of Labor, the conclusion was reached that 25 per cent of the houses in this district were positively objectionable from a sanitary point of view. Of course this state of things means dampness, darkness, and bad air. The crowding of the houses puts immorality and uncleanness at a premium. In a district like this it is very important that the sanitary authorities should have full power to destroy insanitary buildings. This power is now granted by the Massachusetts statutes, and during the past few years has been exercised with great effect in Boston, so that a large number of the most insanitary buildings have been destroyed by order of the board of health. It is very important, also, that there should be rigid restrictions upon the erection of new tenement houses, and especially upon the repairing or making over of old houses to be used as tenement houses. In Massachusetts at present the restrictions upon the building of new tenement houses are adequate and effectual, but a large amount of work is now being done in the way of repairing and making over old buildings for use as tenement houses, and under the pretext of repairing an old house practically a new tenement house will be constructed under conditions which would not at all be allowed except for this

pretext. The law ought to be extended so as to cover more thorough supervision of this repairing process.

In this district, which I may say is not the poorest district in Boston, the proportions of industrial grades are as follows: (These proportions are made up as accurately as possible. Of course they are not, in the full sense, statistically accurate, because we have not been able to take a thorough census of the district.) Two per cent loafers; 10 per cent casual and intermittent workers; 28 per cent unskilled, regularly employed—that is, men earning from \$1.50 to \$3 per day; 30 per cent mechanics and artisans earning \$2.25 to \$3 a day; 27 per cent clerks and small shopkeepers; and 3 per cent professional and mercantile class. We have made a very careful study of the way the working people of this district spend their wages, and we find that never less than one-quarter of the family income goes for rent. Rent in Boston, I think, is a rather higher item than in most other American cities, with the exception of New York. Often more than one-fourth of the family income will go for rent. About one-half goes for food. That leaves about one-fourth of the income to be spent for clothing, furniture, recreation, support of religion, and if anything is left, for thrift. It is easy to see what a small margin is left for savings; but this matter of thrift indicates whether a poor family is raising in the scale or falling in the scale. A family which manages to put something by is likely to rise in the scale, and a family not putting anything by is, in all probability, tending downward. One of the most striking facts that we find in our district, as compared with some districts in foreign cities, is that the characteristic American spirit exists among the people—many things show their hopefulness, enterprise; even where everything seems to be going against a family, there is this quality of dauntlessness which one does not find in the same grades of life in London, for instance. In the English cities there is hereditary pauperism which existed for several generations. Fortunately in our American cities we hardly find that at all as yet, and that is one great ground of hope.

In the matter of expenditure, this quality of enterprise and of self-respect often leads people to sacrifice the food item for the sake of the clothing item, for the sake of the furniture item—that is, a family which lives in 4 rooms and has a parlor where it can receive its friends is on a higher social grade than a family which lives in 3 rooms and has simply one general room for kitchen and dining room and all sorts of purposes. Often you see a family struggling and sacrificing, even at the point of its food supply, for the sake of rising to this higher social level, and often you see cases where people dress better than their income would allow, under this impulse of self-respect, this desire to rise in life. Now, all that is very characteristic of our American life. People familiar with working class life abroad who see our working classes, and see the way they dress, are always misled as to the grade of income on which they live. Of course that has its two sides, but on the whole it is very hopeful, I think, because it shows the enterprise and hopefulness and ambition of our people.

We have also gone quite carefully into the matter of politics in the district where the house is located. We find that the power of the ward politician comes from the manipulation of a great variety of social groups which spring up spontaneously, and which he finds ready to his hand. The so-called gangs are rarely organized by the politicians. The politicians find them and avail themselves of them, so that the machine political power in such wards bases itself on a perfectly natural instinct for association and organization, and it is one of the objects of university settlement work to take advantage of this instinct for organization and turn it into all sorts of good and hopeful channels. The specially interesting thing from the present point of view with regard to ward politics is its bearing on economical and industrial conditions. To a very large extent ward politics applies to economical needs. If one goes over the list of people who are dependent in one way or another upon the politician, it is easy to see this. In every such ward there are a large number of aspirants for some public office. The ambitious young men of such a district find more of an opportunity ordinarily in connection with politics than they do in connection with business. They have no foreign influence to give them a start in business, and very frequently, being of foreign nationalities and of different religious faith from the more well-to-do people, they find themselves hindered by certain prejudices when they attempt to start on a business career; so often for the cleverest and most ambitious young men of the district machine politics offers the largest opportunity. Then, of course, there are a large number of men seeking for work in the city departments, the largest number being unskilled laborers. Then there are the small jobbers and contractors who wish to get an opportunity of work from the city. The small shopkeepers, to a considerable extent, depend for their patronage on the influence of the more powerful men of the district, who are usually the politicians.

The various license holders of such a district—those holding liquor licenses, peddlers' licenses, and so on—must, to a large extent, be dependent on politicians for securing their licenses. The loafer and semicriminal class and potential lawbreakers must keep in touch with the local political organization, for they depend on it when they get into trouble with public authorities to give them such help as they can. Then, of course, there is a very large number of men who are more or less permanently unemployed, and occasionally they can get a chance for work for a day, week, or month through political influence. So that in all these various ways the economical and industrial needs of a district of that kind play into the hands of the machine politicians and greatly complicate the political problem of such a district.

We have also made some study of the economic bearing of crime and drunkenness in the district. Of course it becomes perfectly clear to one living on the ground that poverty and drink are each causes of the other. Poor food and insanitary surroundings lead to drink and in turn follow from drink. The saloon rises out of the conditions which poverty furnishes and at the same time perpetuates those conditions. The general absence of resource in such a district leaves the way open to the incitement to drink, and then of course in such a district drinking, to a great extent, is bound up with social custom. It is ordinarily said that the saloon is the poor man's club, and that is, to a large extent, true. It is interesting to note this, however, that in Boston, at least, as more and more restrictions are placed on the saloon, as it is compelled to be open to public view and all that, the tendency for the saloon to be a workingman's club is rather on the decrease. In fact, there are some saloons in Boston where prominent signs are put up saying that loafing is positively prohibited; so that it looks as if there was some slight reaction from that tendency of the saloon toward becoming a workingman's club. The hope is that some better sort of center for workingmen will gradually be created. To a large extent drink in adult life is the fatal logic of childhood spent under tenement-house conditions. Tenement-house conditions almost inevitably lead to vicious tendencies on the part of children, and the weakening of vitality and character which comes as a result of those things almost inevitably leads to drink when the child reaches mature years. In a very remarkable study called "The Jukes," which was published some years ago, a study of a depraved family carried through several generations, it was found that immorality preceded drunkenness: that the young men did not become drunkards until they were between 25 and 30 as a result of the depraved habits. I think that sheds some light on the effect of tenement-house life for children as leading to drunkenness in mature life.

Another very difficult problem which comes to the front in this district lies in the association of prostitution with the lodging houses. There is a large lodging-house population in this district. This lodging-house evil is a growing one in our American cities. Even the old-fashioned boarding house is disappearing. It is more and more true that people simply lodge in certain houses and take their meals in restaurants. That leaves unattached individuals without the usual restraints of family life or of neighborhood life, and these people have the most meager sources to draw upon for recreation and entertainment, and it is in such a district as that that the "social evil" is most likely to flourish.

We find that the instances where women are driven into sin by want are comparatively rare. But where large numbers of women receive \$5 or less per week, and where they have to pay \$4 for board and lodging, it is easy to see how difficult it is for them to sustain themselves on those wages, and how strong the incitements of temptation come. Undoubtedly the promise of excitement and luxury and indolence largely serves to recruit this class of women, but it is also very true that this evil exists because it is impossible to hold human beings to the hard limits of a bare subsistence.

I should like to present to the commission a few practical suggestions which have come as a result of this study and as a result of our work during the last 9 years.

First, it is possible to abolish the tramp; that is, the tramp is the roving pauper, and it is possible to put an end to his roving. If every town of more than 5,000 population was compelled by State regulation to provide a suitable work test for tramps, these towns would very soon be put on the tramps' blacklist, and the tramps would avoid them. A provision of this kind would also be simple justice to the honest journeyman; that is, a man who is honestly and honorably going from place to place seeking work. This system has been tried in a large number of towns in Massachusetts with great success, and at the present time it is favored by a large majority of the towns in Massachusetts, so that it seems altogether likely at the next legislature a measure will be passed embodying this

feature. This suggestion was made 5 years ago by a commission appointed in Massachusetts to investigate the subject of the unemployed.

Then as to the resident pauper: We need a mingled policy of gentleness and firmness for the delinquent through drink. For instance, we need a system of probation and not imprisonment for first offenses. In the State of Massachusetts this matter is now being strongly urged and it is altogether probable that the system of probation will be applied much more thoroughly in dealing with drunkenness. Then in dealing both with drunkards and with delinquents generally there ought to be a gradual increase of the length of term, beginning with the small term and having the term increased each time. We have in Massachusetts a habitual-criminal act, by which young criminals are first put on probation, then sent to reformatories. If it seems then that they are becoming habitual criminals they can be sent for a longer period of time, even to the extent of a life sentence; and practically this same principle ought to be applied to the pauper, drunkard, and prostitute. For such delinquents, especially in the early stages, a special type of institution is needed, something which will stand between the poorhouse on the one hand and the workhouse on the other; that is, an institution which would carry with it the minimum of disgrace and the maximum of training, an institution which would take the tramp, for instance, or a person who is beginning a career of pauperism, and put him under special training, and then if he proved to gain through this training and promised to be a useful citizen, he could be released; if not, he could be retained. This system has been recommended by many of the ablest students of slum conditions, first of all by Mr. Charles Booth, who is perhaps the greatest authority in the world on this subject; and this plan is also recommended by the commission on the unemployed which was appointed in Massachusetts about 6 years ago.

Then for the bona fide unemployed who can pass the above test there ought to be some sort of public work provided which would carry with it no stigma; that is, if a man is perfectly willing to work and can not find work, it seems only fair that communities should provide him some sort of opportunity to earn an honest livelihood without placing upon him the disgrace of being a pauper.

If these things were done it would be possible for our communities to reduce public outdoor relief to a minimum, and to relegate to organized private charity the occasional need of the casually or intermittently employed.

It is very important that legal restrictions upon helpful association among laborers and artisans should be removed just as far as possible. In England, after the industrial revolution, as the factory system grew, the restraints carried over from the old system which involved capital, involved the employer, were very soon removed, but it took 50 years before the corresponding restraints which affected the workmen were removed. I think we are under somewhat the same difficulty in this country. I think we are quick to remove legal and constitutional restraints that would affect the development of industrial enterprise, but slow to remove such restraints as affect protective organizations among workmen. In nearly all of our States further legislation is needed to secure the best care and the freest use of the funds of labor organizations and cooperative societies; and it is certainly true in some of our States that legal, and in some cases, perhaps, constitutional, changes are necessary in order to allow the orderly and peaceful working out of trade-union policy. For 25 years now in England, for instance, peaceful picketing in case of strike has been allowed by statute. In most of our States, if not in all, there is still legal, and perhaps constitutional, difficulty on such a point as that.

The experience of Massachusetts shows the importance and the success of legal enactments designed to prevent a low order of industry, such as the sweating system. Of course, most of our States now are coming to have advanced legislation with regard to the hours for women and children employed in factories. Similar legislation is needed to cover the case of women and children employed in mercantile establishments. During the past year a 58-hour law covering such cases has been passed in Massachusetts, and it was found that there was very little opposition to the passage of such a law. In fact, many of the large mercantile establishments of the State had voluntarily established a system by which women and children were employed even a shorter time than that. In Massachusetts also we have had reasonable success in the way of having cities establish model conditions of labor for laborers employed in city departments. Such legislation, as far as the State is concerned, is permissive, and the cities are rapidly taking advantage of this permission.

We have a good deal of feeling in Massachusetts to the effect that some national factory legislation is needed. Thus we find difficulty in bringing the Massachusetts legislation to the level where such industrial legislation ought to

be in an enlightened modern community, because there are certain other States which are very slow about beginning developments in that direction. These developments are sure to come, and it seems to us a matter that ought to be seriously considered by the National Government.

I should like to say just here that this protection of the standard of life, standard of income, standard of health, standard of intelligence, for our working people, is highly important from a patriotic point of view. A great deal is said about assimilating recent immigrants, and we hope to do that by training them up in our American traditions, in our public schools; but it is quite as vital, perhaps even more vital, that they should be held to our American economic standards. If there is any failure there, the best features in American life are going to be threatened; so that it is very important that public legislation should give all the encouragement it reasonably can to the peaceful carrying out of trade-union policy on the one hand and to the formulation of wise protective factory legislation on the other hand.

In Boston we have had some interesting and already partly successful experience in the way of the gradual extension of municipal functions. These first came mainly in the way of what might be called municipal philanthropy, in the establishment of playgrounds, public baths, and public gymnasiums. Every great district in the city is now provided with a public swimming bath open during the summer months. We have one public all-the-year-round bath, with accommodations for 50 bathers at a time; separate departments for men and women. This bath has been open now for 2 years, and each year the number of baths taken has been about 300,000.

We have now in hand in Boston a plan for the establishment, under public auspices, of a workmen's institute. This institute it is proposed to build out of the Franklin fund, a sum of money which has accumulated from a small bequest left by Benjamin Franklin a hundred years ago. The trustees of the fund have voted already to use the fund for the establishment of such an institute. This institution will be along lines which have already been worked out in connection with similar institutions in London. There are a number of these polytechnics, as they are called, in different working-class districts in London. It is proposed that this Franklin Institute shall be in part devoted to mechanical and technical education for artisans and mechanics already engaged in their trades, and that it shall be in part a general social center for workmen of the district in which the institution is to be placed, as well as for members of classes coming from all parts of the city. We believe that, considering the conditions which exist among a great proportion of our city population, such work as this on the part of the city is nothing but long-range economy. We believe that in the course of 10 or 15 years it will be possible to show by actual figures, actual statistics, that there has been a saving in the police department, in the city prison department, in the city almshouse department, and in the city hospital department, as a result of this preventive work.

One of the most important suggestions growing out of our experience for the past 9 years has to do with the education of the children of the working classes. At the present time in this country the number of children who pass beyond the grammar-school stage is about 5 per cent of all; that is, about 95 per cent of the children of the country end their education with the grammar school. That shows how important it is that the most should be done during that period, and it also shows the importance of enlarging our facilities for secondary education. There should be in the grammar schools a widening in the direction of manual training, and then, considering that a great part of this 95 per cent of the children of working people end their education at the grammar school on account of the poverty of their parents, it would seem from a public point of view that money could not be better invested than in the way of providing fellowships or scholarships which would make it possible for a bright and promising boy or girl, for the son or daughter of poor parents, to carry his or her education on into the high-school stage, and further, for that matter. From the social point of view one of the greatest losses of the nation lies in the waste of ability. Professor Marshall, of the University of Cambridge, one of the greatest of English-speaking economists, estimates that in England something like one-half of the best natural genius which is born in the country is born among the working classes. He says a great part of this is lost on account of lack of opportunity. Now, among this 95 per cent of the children who do not get beyond the grammar school a very large proportion of the best productive genius of the country exists, and a very large portion of that is being lost because we do not provide for it. So that from the point of view of patriotism we hold that it is very important that our cities and States, and possibly even the National Government, should consider measures in

the way of providing opportunities of industrial education for the bright and promising children of working people.

Q. (By Mr. FARQUHAR.) I would be pleased to hear about the progress of your institution, about the daily routine of work, your manner of investigation, who are called into the investigation, and how interestedly the people of Boston who are sustaining you in this thing carry out their views in visitations, etc.—A. Our plan begins in an effort to assume, in an unsectarian way, something like the responsibility which the minister used to assume in the old days when there was a certain parish with definite bounds; that is, we lay out a small neighborhood, which includes a population of about 6,000. In this neighborhood we try to have some center of influence in every block; that is, we have one house where the young men live, another house where the young women live, another house where there is a workingmen's reading room and a kindergarten and a manual-training workshop. Then around in the tenement houses we have a number of small libraries which are called home libraries; that is, 15 or 20 books for boys and girls are put into the kitchen of the tenement house, and a dozen boys or girls living in that immediate court or alley are made members of that library. One of the workers attends there once a week and gives out books and talks with the children about their reading and visits the families which the children represent. Another of our workers goes about—a young woman—among the factories of that district, particularly the factories where young women are engaged, and collects their savings. She goes to 12 or 15 of these factories, and these girls are putting more and more money into the savings bank in that way, and it also gives a chance to get into personal relations with them. In all such ways as that we gradually became acquainted with the people of the neighborhood, and are able to exercise influence on family life, and also on the general social life of the neighborhood. We have an ascending scale of little clubs and classes, beginning with the kindergarten and including boys and girls, young women and young men. Each club is taken charge of by one of our workers, but we try to develop, just as far as possible, initiative among the people themselves, and to arouse the spirit of cooperation. Then we devote a great deal of our time to cooperating with all forms of charitable, philanthropic, and educational work that is going on in the district. We form the link or connection between the public schools and the homes of the children. That is a kind of work which is very much needed to be done. The public-school teachers already have more than they can do in taking care of their school work, and it needs some one to go in who is acquainted with the homes of the children, and also understands the point of view of the teacher, to assist in strengthening the influence of the public school. Then we get into active touch with the leaders of labor organizations in that district. These settlement houses are intended to be a kind of neutral ground between classes. We furnish a place where the employer and the employee, the professional man and the laboring man, can meet in a perfectly self-respecting way and confer about any difficulty that may be up, or about their different points of experience. That is something which very much needs to be done in our city life. The fact that in our great cities the more prosperous classes are separated from the less prosperous classes, not merely by economic conditions but also by differences of race and religion, greatly complicates the social question in this country, and it is very important that there should be centers where men representing the different classes can meet and come to an understanding.

The investigation upon which we have been engaged is divided around among our different workers: that is, one man will make a specialty of the labor question; another man will devote himself to the study of the sanitary problem; another will devote himself to the study of the political situation; and these different men will take advantage of all the acquaintance which they have, and of everything their work can lead them into, in the way of a better understanding of the particular question which they are investigating. And as fast as we find some obvious evil, it is our plan to bring all our resources to bear for the removing of that evil as far as possible. We have behind us the association of about 400 people, living in various parts of the city, who support the house and who also assist us with efforts and public measures in the way of improving these conditions.

Q. (By Mr. CLARKE.) Is the Wells Memorial Institute in your district?—A. Yes. We cooperate with the Wells Memorial; I am one of the board of trustees of that institution. It is a very valuable work.

Q. Is the Barnard Memorial Chapel in your district?—A. Yes.

Q. Have you noticed a marked improvement in the social and industrial condition of the residents of the district since you began your work?—A. Of course one does not see any broad, general improvement; but in the case of many indi-

viduals and many families one can see an improvement. And when you mass together all the work that is being done for social improvement, I think you can see distinct results. One very interesting result is this: The new generation which is coming upon the scene has higher standards than the old generation. I think, for instance, that in many cases the young men avoid the saloon. I do not mean that they are total abstainers; they probably assert their freedom on that point as most men would. But as far as going into the low saloon is concerned, they consider themselves above it. They have come to have social standards as a result of being in the public schools, and—as a result, perhaps, of belonging to these social organizations connected with settlement houses and similar institutions—they have come to have a certain self-respect which tends to keep them above that sort of thing. That, I think, is indicative of a great deal that lies below the surface.

Q. What are the principal manufacturing industries in your district?—A. The woodworking industry is the most important. There are a large number of steam laundries there, too.

Q. Do a good many of the residents of the district find employment in factories in other parts of the city, and some out of the city?—A. A good many of them find employment in the factories there; but that district, being just next to the business center of the city, supplies a large number of people who work in the stores and who do a great variety of the casual work in connection with the great mercantile establishments of the city.

Q. Are there any tenderloin streets in the district?—A. Yes; there are some; but the district has been greatly improved in that respect. The district was raided some 5 or 6 years ago and the worst streets of that kind were cleared out.

Q. As the result of the lodging-house system, do you think there is any increase in vice in tenement houses in your district?—A. No; I do not think there is. It is claimed, and I think with truth, that the policy of the board of police in having scattered the inmates of houses of prostitution has carried them into tenement houses to some extent; but I think they have gone mainly into apartment houses, and whatever danger they have carried with them has been carried among rather a superior grade of people.

Q. Is the Young Women's Christian Association Building in your district?—A. It is just on the edge of the district.

Q. Do many of the young women resident in the district go to that house and receive instruction and aid there in any way?—A. Yes; I think they do.

Q. Are there any barracks of the Salvation Army in the district?—A. Yes; and they have a hotel for young workingwomen there.

Q. Do you think the work of the Salvation Army is increasing in Boston?—A. It is somewhat on the increase. Most of their work is among the floating class.

Q. Speaking of the drinking habits of some of the residents of the district, are they addicted to the use of strong liquors largely?—A. To a large extent; but I should say there was more beer drunk and less whisky.

Q. The president of the so-called whisky trust testified before this commission that there is more whisky drunk in Boston than any other city of this country. If that is true, how would you account for it from your observations?—A. I presume it may be accounted for by the fact that one-half of the population of Boston is Irish or of Irish extraction, and I think the Irish have been in the past rather more inclined, when they took intoxicating drinks, to drink whisky rather than beer. But I should say that there is quite a strong tendency among the people of Irish extraction to change from whisky to beer.

Q. And you recognize that change as in the interest of more temperate habits?—A. Yes; I do.

(Testimony closed.)

PHILADELPHIA, PA., December 17, 1900.

TESTIMONY OF JOHN GORDON GRAY,

Secretary Manufacturers' Club, Philadelphia.

The subcommittee met in Philadelphia, in the rooms of the Manufacturers' Club, at 10.30 a. m., Mr. Clarke presiding. At that time Mr. John Gordon Gray appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your post-office address.—A. No. 1010 Chestnut street, Philadelphia.

Q. Are you secretary of the Manufacturers' Club of Philadelphia?—A. Yes.

Q. In what business are you engaged?—A. In the business of manufacturing and importing scientific instruments—electrical and optical instruments.

Q. What is the name of your firm?—A. Queen & Co., Incorporated.

Q. How long has the firm been established?—A. Very nearly 50 years; 48, I believe.

Q. Business both wholesale and retail?—A. Yes.

Q. Do you manufacture?—A. We manufacture principally.

Q. And import somewhat?—A. Yes.

Q. Do you export any?—A. We do an export business also; yes.

Q. When was the Manufacturers' Club organized?—A. The Manufacturers' Club was organized about 18 years ago.

Q. Did it succeed any somewhat similar organization?—A. Yes. I forget the official title of the organization; the Textile Association, I believe it was. It was the outgrowth of an association of that kind, principally founded by Mr. Theodore C. Search, who has been for many years since the organization of the club in active membership and work.

Q. Is it composed wholly of manufacturers?—A. Almost wholly of manufacturers. Its membership is open to manufacturers and to those associated with manufacturing. Practically it is a manufacturers' club, all the interests being in some way or other concerned in manufacturing.

Q. Does the club own the fine clubhouse in which the commission is now sitting?—A. The club owns its clubhouse; yes.

Q. When was this built?—A. This was built about 12 years ago.

Q. Does the club membership embrace representatives of all or nearly all the manufacturing industries of Philadelphia?—A. Yes; I believe it embraces representatives of all the different industries of Philadelphia, and representatives of many of the leading industries elsewhere in its nonresident membership, having nonresident members from all over this country and some even from abroad.

Q. Are you able to state approximately the aggregate of capital employed by the members of this club in their private business?—A. No.

Q. Or the number of people employed?—A. No; it would be very difficult. For instance, among our nonresident members is Andrew Carnegie, and among our resident members are members of the Baldwin firm and Cramps, so that the membership would represent in that way a very large proportion of the manufacturing industries of the country.

Q. With a capital, of course, aggregating hundreds of millions of dollars?—A. Hundreds of millions; yes.

Q. Have you any idea of the number of people employed by the members of the club?—A. No; I could not give any estimate, because that would also aggregate hundreds of thousands necessarily. Take such a firm as the Baldwins—their employees number thousands. The Dobson Company employs some thousands. Of course, as I have already said, these nonresident members—such firms as the Carnegies—would again include thousands.

Q. Is it customary for members of the club to assemble in the clubhouse from time to time and discuss the state of business?—A. It is customary to hold monthly meetings, at which subjects of general interest are discussed—municipal and national—and also subjects pertaining specially to manufacturing; but work of that kind is done mainly in the sections. The club is divided into sections representing the various branches of industry—the textile section, the metal section, the woodworkers' section, and the foundrymen's association meets here. So that business questions pertaining specifically to certain industries are largely discussed in the sections' meetings.

Q. Are you able to state in a general way, from knowledge obtained in the club and through its sections, what the condition of the business of its members is at

the present time as compared with any former period?—A. In a general way, I think, I perhaps could.

Q. Will you please go on and do that in your own way?—A. There has, of course, in the last 3 or 4 years been a marked improvement in manufacturing conditions. Labor has been well employed. Factories have, in many cases, run overtime. Wages have increased; business has largely increased. Owing, however, to the increase in the value of raw materials or the price of raw materials, it is doubtful if the profits have increased in proportion. In fact, I might say it is quite certain they have not increased in proportion to the increase in business. The members of this club are not producers of raw material; they are workers up of raw material into the finished product, and it is a matter of general and current knowledge among the members of the club that, despite the universal prosperity and largely increased profits, the manufacturers of this club have not participated in that as it was expected they would, owing to the fact that while it has been difficult to get higher prices for manufactured goods, they have paid higher wages and a higher cost for their materials. I think that is, in a few words, the state of the business as regards the members of this club.

Q. Is it a fact that they have not been able to get higher prices, as a general thing?—A. As a general thing, nothing at all in proportion to the increased cost of manufacture. They have got, in many cases, higher prices; but, excepting that they have enjoyed the advantage of a larger volume of business, they have not had any advantage in the increased prosperity of the country. It has cost them more in proportion to produce their goods than it did before.

Q. Are most of their goods marketed in this country?—A. Most are marketed here. There is a considerable export business done, which necessarily requires that prices be put lower to get export trade. It necessarily has to be done at the lowest possible price.

Q. Are you able to state whether or not goods produced here are sold abroad at a lower price than they are sold for in the home market?—A. No; I can not say so. Speaking of my own experience in my own business, no. We sell and export our goods at the same price at which we sell them here. I have heard that special export prices are made by some export manufacturers, but I have no personal knowledge of that.

Q. Is your export trade wholly from the port of Philadelphia or partly from New York?—A. We have a selling branch in New York through which a good deal of our export business is done.

Q. You are now speaking of your own private business?—A. Yes. That would be the case with the manufacturers generally. A very great proportion of the large concerns of Philadelphia have selling branches in New York City.

Q. Are you able to state to what countries most of the Philadelphia-made goods are exported?—A. Yes; I think so. Large exports are made to England, Germany, Russia, China, Japan, and to South Africa, and to some extent to the Australias and New Zealand.

Q. You have not mentioned any of the South American countries.—A. Well, yes; there is a certain amount of business done with South America, but I do not think that is significant. Our trade with South America is far less than we think it ought to be and far less in proportion to the trade with other countries.

Q. What is the reason that you do not get a larger trade there?—A. Largely, I think, because of defective shipping facilities and a lack of organized effort to secure that trade. There have been spasmodic efforts made, and certain firms do a business there. Philadelphia sells locomotives to South America; chemical products are shipped there; but our trade with South America is not at all in proportion to the export trade done with other countries.

Q. Is there not a line of either steam or sailing vessels between Philadelphia and South American ports?—A. No.

Q. Do your exports go to New York and from there, or do they have to cross the Atlantic to Europe first?—A. The quickest way of reaching South America is by way of Europe. There are lines sailing from New York, but if one wishes to reach South America quickly shipments are usually made via Europe.

Q. Are you familiar with the work of the Philadelphia Museums?—A. I have some acquaintance with it; yes.

Q. Is that work seeking to promote closer trade relations between this country and South American countries?—A. It is doing so, yes; and it has done some valuable work in that direction.

Q. We would be glad to have you make any statement that you desire to make concerning it. You think that work is beneficial?—A. I think that work is beneficial, yes. I know that it has resulted in business and in a better acquaintance with the business men of South America.

Q. Between the business men of South America and of this city and this country?—A. Yes; the direct and tangible results have not been as great as might have been expected, but I know of a good many inquiries that have been received and orders that have come through these inquiries.

Q. Are you able to state whether or not any of the industries in Philadelphia have united to employ agents or representatives of that trade in any of the foreign countries?—A. Yes; it has been done in a number of cases both for South America and for the Orient. It is quite a usual way of introducing certain lines of articles for a number of firms to unite in sending out a representative competent to travel and represent and introduce their goods, and in some cases show samples, quote prices, and bring about correspondence. We ourselves, in my own business, are at the present time doing that with China and Japan. We have united with several other firms and have sent a man out there who is thoroughly competent to introduce trade.

Q. Are you able to suggest any changes in laws, State or national, that will help this export trade?—A. I am not prepared at this present time to suggest anything.

Q. Would you favor some national encouragement to shipping as a means of doing it?—A. I am somewhat doubtful. I am not wholly in favor of subsidies, but I must confess that with regard to that matter I have not made up my mind.

Q. Has the experience of Philadelphia merchants led you to any conclusion as to the need of international banking facilities?—A. I think international banking facilities would be an advantage, and some movements are on foot, I believe, with regard to establishing such international banks. One of our members is now in Calcutta, having in mind among other things the possibility of establishing an international bank in India.

Q. Is it proposed to do that with Philadelphia capital?—A. With American capital. The gentleman I speak of is a Philadelphian; but I doubt very much if the lack of banking facilities has to any large extent restricted business relations. In our own export work we have found no difficulty from that.

Q. Is the cooperation of which you speak limited to Philadelphia business men, or do they take in representatives of kindred industries in other parts of the country?—A. It takes in representatives of industries in other parts of the country. This same man of whom I spoke, who is now in the Orient, represents not only Philadelphia firms, but New York and New England firms.

Q. Are you able to tell us anything about the system of credits that is extended to foreign purchasers?—A. American manufacturers are rather indisposed to extend credits, and that is probably one of the difficulties in the way of doing foreign business. The long credits given by European firms on export trade are not given by American firms. It is quite a common thing for English and German firms to give credits of 6, 9, and 12 months. American firms expect to be paid promptly, and usually are paid through foreign credits placed in New York banks.

Q. Is it necessary to cater to the tastes, habits, and peculiarities of the people in those countries?—A. It is; very much so.

Q. Is it necessary to pack the goods in a peculiar way for different kinds of transportation?—A. Yes; it is very necessary that goods should be packed to suit the shipping conditions of the countries and the tastes of the various people of the various countries. For example, in South America in many places goods are carried from the seaport inland on the backs of pack mules, so that it is necessary that the packages shall not exceed a certain size and should be a certain form. European export houses understand that perfectly and so pack their goods. American houses have made the mistake of disregarding it. In regard to the Orient, the people there require goods packed in certain ways to suit their tastes. They are accustomed to receiving packages of a certain form and character, and unless a certain attention is paid to that the goods are not satisfactory. Now, the European houses, particularly the English and the German houses, thoroughly understand that, while the Germans are peculiarly facile in changing the character of their goods to meet the character and taste of the foreign customer. The English hang on to long-established models and the Americans offer what they think is best, and between the two the Germans come in with what is wanted by the customer and beat them both.

Q. If the orders were very large, it would be equally convenient to make goods according to the foreign demand, would it not?—A. Oh, yes; in many cases, undoubtedly, particularly in textiles and goods of that kind. Possibly in certain goods involving machine work, which the Americans make by automatic and special machinery, it would be more difficult to change the model.

Q. In view of the considerations named, is it more expensive to produce goods for the foreign markets than for the domestic markets, as a general thing?—A. No; I should not say so.

Q. Will they take an inferior class of goods, or must the goods be of a high standard in quality?—**A.** The goods must be of high standard in quality as a rule, but the mistake is often made of supposing that an inferior class of goods will sell abroad. It is coming to be recognized that a first-class article must be sent abroad.

Q. Is it your opinion that in view of foreign competition, and especially of German competition, with its adaptability to the needs of the people, America's principal opportunity to gain foreign markets must consist in the superior quality of its goods and in the willingness of its merchants to comply with the requirements of the customers?—**A.** That is my opinion.

Q. Is it your opinion that the expression commonly used, "working off our surplus," is applicable to foreign trade?—**A.** No; I think not. I do not think it is wise or safe to consider the foreign market a dumping ground for an unsalable surplus.

Q. It is a fact, then, that most of the goods for these foreign markets have to be produced especially for them?—**A.** I am not prepared to say most of the goods, because in many cases goods of standard American model and character are finding a market abroad. I think it is true that goods in many cases must be of a certain form to suit the foreign market, and that these goods in character and quality must be equal to anything sold here. The pattern may be changed to suit the foreign market, but not the quality of the goods.

Q. You deem it of great importance to the American export trade that those engaging in it should advertise the fact that their products are American, and should therefore aim to keep the American standard the highest of any?—**A.** I think it is very important that should be advertised. American goods have acquired and are acquiring a high character abroad, and advertisement of the fact that they are American made and the keeping of the goods up to a high American standard is desirable.

Q. Coming, now, to your own industry in particular, will you please enumerate the leading varieties of goods that you produce and deal in?—**A.** We make general optical instruments of all kinds, surveying and engineering instruments of all kinds, electrical testing instruments, meters and other instruments of that character, and also high-class physical apparatus for colleges. These different classes of goods comprise so many varieties that it would be a very long catalogue to mention them. In optical goods, of course, there are field glasses, microscopes, and spectacles. In engineering instruments we make transits and levels, and so on. In electrical instruments we make meters for registering the amount of electricity or current and testing sets for testing defects in cables. We make electrical apparatus, some of which we have sold recently to Japan. Our cable-testing sets go all over the world. Perhaps I might mention one instance as an example of the American way of doing things. The leading cable-testing set used in Europe is made in London and selling at what is equivalent to \$450. It requires a horse and wagon and 3 men to use it. We make a cable-testing set which we send all over this country, and all over the world now, selling for \$400, and it can be used by 1 man and requires no horse and wagon.

Q. Is yours equally comprehensive and effective?—**A.** It does more things than the other set does, and is equally effective and accurate.

Q. Is it your observation that a distinction like that applies to a large number of American products?—**A.** To a very large number of American products. That might almost be said to be an American characteristic.

Q. Do you consider that fact accounts largely for the increasing foreign demand for American products?—**A.** That is the principal reason for it.

Q. Are any of your implements or machines protected by patents?—**A.** Some of them, yes; but we rely less on patent protection than we do on the form and character and quality of the instrument itself. For example, on the cable-testing apparatus which I have just mentioned we have no patents.

Q. There is nothing, then, to hinder some other enterprising firm or company from producing precisely the same thing?—**A.** Nothing; but they would have to make a large investment in tools which, perhaps, they would feel the possible trade would not justify. We have established a trade for them that justifies the possession of those tools.

Q. Do you as merchants deal in goods produced by other American manufacturers?—**A.** To some extent; yes.

Q. What proportion of the goods that you sell is imported?—**A.** I suppose not more than 20 per cent.

Q. Why do you import any?—**A.** Because in certain lines we can import rather cheaper than we can make, and because for certain things there is an established demand, and also largely because, dealing as we do with American colleges and

universities, there is a demand for foreign instruments which could be fully met by American instruments if the same college professors would take them; but many of the younger professors have studied abroad and have become imbued with the idea that it is the proper thing to have European-made instruments, and they insist upon having instruments made by certain makers abroad, whereas instruments of the same class and of equal quality are made here and actually exported. In other words, we are importing things which can be gotten better and cheaper here to satisfy the idea or fancy of certain individuals.

Q. That is one of the disadvantages of a foreign education, then?—A. Precisely. The same thing happened in our own University of Pennsylvania, in Philadelphia. They required a certain number of microscopes. We offered the microscopes to them at a price somewhat lower than the price at which they could import them free of duty under the law which permits them to do so; but whilst the professors who actually intended using the microscopes and who were experts as to microscopes wished to get ours, having examined them and being fully satisfied with them, the order was finally placed with a German house because the head of that particular branch had studied in Germany and believed in German instruments—the university paying a higher price for them. I pointed out that we actually had in our factory graduates of the University of Pennsylvania filling responsible positions, and training them up to be good workmen; and that we had hoped to rely at least on the support of our own city and State in establishing and developing such a factory; pointing out also that the particular German house from which the university was buying had been in like manner supported by the citizens of its city, even to the extent of lending it money. Germany fully understands the advantages of establishing such industries, and the well-known Zeiss place at Jena was not only assisted on Government account to make certain experiments, but the town authorities assisted in developing and perfecting the works by taking a financial interest in it.

Q. (By Mr. FARQUHAR.) Within the last 10 years have you had the introduction of any new class of manufactures into Philadelphia on somewhat of a large scale?—A. Yes; I think the principal example of that is the tin-plate trade. There may be and no doubt are others, but that is one that is a notable example.

Q. Have you lost any by the changing of location or passing out of business of any of your manufactures?—A. I do not think of any just now.

Q. Is it the general belief in your club here that there is a steady advance in the manufactures of the city proportionate to the increase of population and general business?—A. I could not answer as to that. There is a steady increase; but I have never heard the question of proportion discussed. My own observation is that there has been, particularly in the past few years, quite a decided increase and development of manufacturing.

Q. Are the relations of the employers and employees in this city of a friendly character?—A. Very. There are very few labor disturbances here.

Q. Have you had any serious strikes in the last year?—A. No; none whatever.

Q. Have you any strike now in existence in the city of any proportion?—A. I am not aware of any. There has been some little trouble with some of the men employed in some of the large buildings which have gone up. I really do not know the circumstances connected with it, but the strikes have been very insignificant—very immaterial.

Q. Have you any particular knowledge of the condition of your building and loan associations in this city?—A. Nothing more than a general knowledge. Of course I know the system of operation and I know there is a very large number of building and loan associations here and that generally they are prosperous and have materially assisted in making this city the city of homes that it is.

Q. How much of a system of savings banks have you in Philadelphia?—A. We have several savings fund institutions.

Q. How low is the deposit?—A. I really am not quite sure. I fancy the saving fund partakes of the character of bank savings fund, but they take very small sums.

Q. In your club have you ever had any discussion of the sweating system in your city?—A. I think not.

Q. You think the city is somewhat free from that?—A. I should be inclined to think that it is. I hear very little of it.

Q. You spoke a minute ago of the fact that the great difficulty you had in the matter of export trade was lack of transportation?—A. Yes.

Q. And I think you stated you had no direct line from Philadelphia?—A. Only in regard to South America.

Q. You still maintain a freight line to Europe from this city?—A. Oh, yes; we have freight lines from here to Germany, England, and Holland.

Q. In your shipments to Europe and elsewhere do you usually ship from Philadelphia direct or take the rail and ship from New York?—A. Most of our shipments to and from Europe are made from Philadelphia unless it is desired to save time, and it is then sent out on an express steamer from New York.

Q. Is there not a disadvantage to the Philadelphia port in the rates of freight as between Philadelphia and New York?—A. No; I think not. The only great disadvantage to Philadelphia in the matter of facilities for European shipping is in the fact that we can not bring up our river as large steamers as can come into New York.

Q. You lack depth.—A. We lack depth. Certain steamers have been taken off from Philadelphia because of that.

Q. In the procurement of foreign customers, have the Philadelphians sent out personal canvassers to these markets or do they deal with the commission houses here?—A. It is done both ways. Canvassers have been sent out, catalogues have been sent out, and it is also the custom to put catalogues and circulars in the hands of the commission houses to send them out.

Q. Is it usual to sell f. o. b. in Philadelphia and New York to the foreign commission houses?—A. Yes.

Q. About what proportion of the sales are made in that way?—A. I really could not say.

Q. In your own business?—A. I might say all our sales, practically speaking, are f. o. b. Philadelphia or New York.

Q. So that practically the great bulk of the business of Philadelphia is not by immediate canvass in the market of distribution?—A. No; I should say not.

Q. The canvassing is done by the commission house that makes the purchase?—A. To a large extent.

Q. Are your sales made on time or cash with the commission houses?—A. They are usually made on a cash basis. They take the cash discounts.

Q. So you have nothing to do with the foreign exchange whatever?—A. Scarcely anything.

Q. Do you know of any successful exploiting of a foreign market by any Philadelphia establishment by personally sending their own canvassers into the field and holding the market?—A. The most conspicuous example of that is the Baldwin Locomotive Works. Their business in foreign markets was introduced by direct personal solicitation. The late Dr. Williams traveled the whole world over and sold locomotives in every civilized country, and some that were not civilized.

Q. I spoke more particularly of your other manufactures. I know about the Baldwins, and it is generally known how they caught the world.—A. It is done with certain makers of agricultural implements of an ingenious character. They have sold largely abroad by personal solicitation, themselves sending out representatives. The same thing has been done in locks. I know of one large manufacturer of locks who, failing to do a foreign business after a good deal of advertising, put samples in a grip and went abroad himself and started a business which yet continues.

Q. You have no way of suggesting how your marine interests could be better suited for the American trade, have you?—A. No; I confess that it is a matter I do not see clearly. The fact remains that it costs more to run a vessel flying the American flag than it costs them in Europe, and whether it is a wise thing to offset that by subsidies is a matter I am very doubtful of.

Q. Do you think if the Americans owned their own marine, and were some sort of a controlling power in the commerce of the ocean, it would be an advantage to export manufacturers?—A. I think it would.

Q. The fact that it was an American bottom carrying American goods to the market would aid in establishing American houses more permanently than dealing through this factor or commission system that you have?—A. Probably it would. The principal factor would be in the closer and better knowledge obtained, the greater intimacy established. There are many industries in this country which could do a foreign business if they knew anything about it. They have no realizing sense of the existence of a market on the other side. Now, the more that intimacy is fostered, which would be one of the results of a larger American marine, the more business we would do.

Q. Would it lend stability to the American trade if you were able to have your own agencies or distributing factors in these foreign countries so as to be permanent, and have the sums you expend in advertising bring due return in the market immediately?—A. I think that is absolutely essential to a great business.

Q. Would you take over a good many of the profits that are now taken in by the commission houses or factors?—A. Yes; that is quite true. To some extent

in Europe and elsewhere American houses have been established. In London, particularly, there are quite a number of branches of American houses, in many cases organized under the English laws. Oftentimes a separate limited company is formed, purely American, operating in England under a distinct name, and doing that with the object through London of getting the British colonial business.

Q. After you have found customers where your instruments go, have you ever endeavored through the consular service to maintain a market and extend your custom?—A. Not through the consular service. We have in some cases endeavored to introduce goods by first getting information from the consular service, but after we have obtained that information and made our first entry in business into that country, then we have no further use with the consular service, or rather we do not look to them to help us.

Q. Do you think that by having some permanency in these foreign countries for the distribution of your goods you could extend and give equal credits with either Germany, or England, or France?—A. That would require a revolution in the ideas of the American manufacturer. The American manufacturer is not accustomed to give long credits.

Q. But do not the Baldwins and these large exporters have to give credits?—A. I have understood so.

Q. Have they not had to give credits even to the great Russian railroads the Americans are building now?—A. I have no personal knowledge of it.

Q. Millions and millions of it?—A. I think very likely.

Q. Do you think you could have an extensive foreign trade or do business at all unless you went into the credit system, for example, in your trade with the South American republics?—A. I doubt very much if you could. The Latins, particularly, are accustomed to receiving long credits.

Q. So you think by establishing international banking it would give us a foothold for our American houses that will help the American marine, and the Americans would be able to compete with any nation, do you?—A. I think it would undoubtedly help Americans very much, and ultimately Americans would compete with any nation. Speaking generally, there would always be certain specialties, particularly in articles of luxury, that certain European countries would have an advantage in. Now, the South Americans buy very largely from Paris, which we never could compete with; but speaking of the larger products of manufacture, there is no reason why Americans should not compete successfully in any country.

Q. (By Mr. LITCHMAN.) Could you give the commission any information as to the personnel of the employees in your factory?—A. In what regard?

Q. Well, whether they are native or foreign?—A. Yes; I can give information about that.

Q. If you have no objection, please do so.—A. Speaking generally now, the employees in our factory are natives, very often, however, the children of foreigners.

Q. I ask the question to lead up to the question of skill in your particular industry, whether you were compelled to rely on foreign labor or could find the labor here at home?—A. Well, we can't find it here at all in our line. We have two ways of getting it. We either employ the foreign-trained workman of mature years, or we employ the young people and train them up, so that practically, the foreign-trained workman becomes a schoolmaster of the youth of this country in these industries.

Q. Have you any means of knowing the comparative rate of wages in your factory and foreign factories?—A. I think I can state them. For example, if we take the large line of optical work involving fine microscopes which are now used in every bacteriological laboratory, the principal maker in Europe of these microscopes is Zeiss, at Jena. Now, they pay what they call standard workmen \$8 a week; that is the maximum price. The workmen are paid from \$8 down to \$5 or \$4, but they are the finer workmen; those that are known as standard are paid \$8. The same grade of workmen in our place get \$21 for a 60-hour week. I am inclined to think, although I am not positive, that the number of hours worked at Jena is 12; I know it is more than 10 per day. That is about the proportion with respect to Germany and this country. In England the wages are higher than in Germany, but still far below the same class of wages here.

Q. And the hours of labor there are more per day than here?—A. Yes.

Q. Is there any tendency here for still a shorter labor day?—A. Yes, there is a tendency.

Q. Will you give us some information on the continuity of employment? Do you have seasons in your trade?—A. No; we work steadily all the year round.

Q. Is there no rise or fall?—A. During the warm weather in summer we close down a little earlier, but the work is practically continuous throughout the year.

Q. That would be the same here and in foreign countries?—A. Yes.

Q. Are your workmen classed as skilled labor?—A. Oh, yes.

Q. You gave the two extremes of prices in the foreign factory. Would you kindly give the same in this?—A. Yes. In our factory for skilled workmen it ranges from \$15 to \$24 and \$25. Specialists, of course, get more.

Q. Compare the men of \$8 with the same men in your factory.—A. Yes; the man that gets \$8 there gets \$21 with us.

Q. And your minimum?—A. Well, it runs down for that class of work to about \$15.

Q. It is a comparison of \$4 to \$8 in one case and \$15 to \$21 in the other?—A. Yes.

Q. (By Mr. FARQUHAR.) Have you any knowledge of the efficiency of the two classes of workmen?—A. Well, those standard workmen that I speak of, working in Jena, are quite as efficient as the workmen here. I should be very glad to have them.

Q. The instrument produced there in Germany ought to sell at nearly half the rate, plus freight and costs.—A. It does not, however.

Q. As against that, where does your protection come in?—A. In the use of special machinery, special tools. We manage it in this way: These standard workmen in Germany make all or nearly all the instrument. We do not give the workmen of the same class here the whole instrument to make. We supply him with parts partly finished by special tools, so that all the rougher parts requiring less skill are done elsewhere, and all that he does is simply to finish it—to do the work requiring skill.

Q. So, then, your advantage is specialization in the manufacturing and in assembling of the parts?—A. Yes, exactly.

Q. Is there any other protection to you? Have you any tariff protection at all?—A. Not in those particular articles I am speaking of, because under the law educational institutions can import articles for these institutes free of duty. Now, when a microscope is sold to an individual we have a protection, but for one microscope we sell to an individual we sell two to institutions. We are compelled to meet the free-of-duty prices, which we do meet, and that necessarily fixes the price to individuals, so that practically on those things we have no protection.

Q. The practical advantages that are given for the spread of education in this country are a disadvantage to the manufacturer in the United States?—A. Yes, no doubt about that.

Q. In other words, the whole trade is college trade instead of the general public?—A. Yes. I was asked a little while ago why we imported a certain proportion of our instruments from abroad. The only reason is that of articles which are not made in large quantities sometimes a single one is required, and it is ordered by an institution free of duty, and can be imported more cheaply than made here.

Q. (By Mr. LITCHMAN.) Where you do not have special machinery for that particular work?—A. Yes, where everything is made individually, not in large numbers, and by specialists, arrangement of machines and other things, a duty is absolutely necessary. There, again, is another thing. One difficulty in the way of organizing and maintaining a class of skilled workmen here is in the fact that it is difficult to get enough of that kind of work to educate them.

Q. (By Mr. FARQUHAR.) Do you think that there is in the United States enough of the establishments of your character to supply the entire home trade of the United States?—A. That is a difficult question to answer. I can put it this way, that I have no doubt that within a very few months the establishments in the United States could so develop themselves as to be able to supply it.

Q. Suppose that paragraph in the tariff bill was changed?—A. It would be a very great advantage to these industries in the United States.

Q. Would it not tend to educate many Americans in that business and science?—A. Undoubtedly.

Q. And bring a wider field to American labor?—A. No doubt about it.

Q. If you are able to compete now at prices you are paying for labor, and all that, with these foreign establishments, would it not be a positive benefit?—A. It would.

Q. To encourage the American manufacturer?—A. It would.

Q. Do you know whether your goods enter into any of the reciprocity treaties?—A. I think not—not to any extent.

Q. (By Mr. LITCHMAN.) The material used is a comparatively small part of the product?—A. Yes; in our line labor is the important factor.

Q. And there is no advantage on either side as to that?—A. No, we get our material as cheaply as they do abroad. The only difference is in labor.

Q. And yet you say in spite of this difference in price of labor on certain lines of production you have been able to hold the market against foreign competition?—A. Not hold it wholly. We are able to meet it, but it has not been done very profitably. It is done because we are determined to hold it as far as possible; but in many cases orders are taken—

Q. (Interrupting.) They take away from you your most profitable customers?—A. Yes; in case we do sell to institutions in many cases we sell almost without profit, it being desirable to hold that trade, to have our instruments used there for other reasons, even at an unprofitable price.

Q. You speak of exporting some of your products?—A. These are different things; not in that line I am just now talking about.

Q. Can you give us any information by way of comparison on those lines of goods?—A. The comparative wage question would be about the same in those as in the line I have just been speaking of, the difference being this, that all of that class of instruments which we export are American models; they are designed by our own people; worked out by American ingenuity.

Q. You have superiority by special tools?—A. Yes; by special tools and by special features of instruments, which are the result of special design.

Q. (By Mr. TOMPKINS.) In the matter of the credits that foreign manufacturers give to people in countries like South America, have they any special advantage in the matter of security over the American manufacturer?—A. I am not aware of any.

Q. Do you know of any way in which the American manufacturer could be brought to have a feeling of safety in meeting that competition of credits?—A. I do not think it is so much a question of safety, although that may enter into it. It is more a question of disinclination to sell goods on long time. That, again, may result from a little more difficulty that the American manufacturer experiences in getting that financial condition which European manufacturers through their banking organization get with ease. I think it is a fact that the relations between banks and manufacturers in Europe—England and Germany—are much more cordial than between manufacturers and bankers in this country. It is a matter, I think, of common remark—I won't say complaint—among manufacturers of this country that it is difficult for them to get the same conditions that they know the manufacturers abroad receive, consequently they are not as much disposed, or perhaps not as able, to grant long credits as the European manufacturer is.

Q. Does the American manufacturer grant as long credits in domestic markets in the United States as the foreigner does in foreign markets?—A. Not at all, as a rule. There may be special cases, but it is remarkable. Now, the large manufacturers sell at 30 days, with bills to be paid on the 10th of the month succeeding the month of purchase, for certain discount.

Q. Then, it is wholly a matter of the state of trade in America at the present time?—A. Yes.

Q. Not a question of difficulty of credits or security, but the difficulty of finding out where you fail in South America?—A. Much less that, because, I think, as a rule the American manufacturers understand that any well-established Latin house is just as apt to be sound and good and as good pay as American houses.

Q. The matter of claims for failure to pack as instructed is one of the influences?—A. The failure to properly pack is one of the things that renders it difficult to get foreign orders.

Q. (By Mr. FARQUHAR.) How many institutions are there like this Manufacturers' Club in Philadelphia—that is, institutions that are seeking to establish Philadelphian manufactures all over the world?—A. I know of no other institution like the Manufacturers' Club. Of course, this was the birthplace of the American Association of Manufacturers, which has a branch here, and among whose membership appear many members of the Manufacturers' Club, and whose aims are the same as those of this club, excepting it is primarily a social club.

Q. Does the club cooperate in any way with the museum?—A. In the same way, it does.

Q. Through the membership or body?—A. It does it mainly through its paper. There is a certain friendly cooperation between the museum and the paper which we publish. We publish information that is of value to them. That is about the only way.

(Testimony closed.)

PHILADELPHIA, PA., December 18, 1900.

TESTIMONY OF MR. NATHAN T. FOLWELL,

Woolen manufacturer, Philadelphia, Pa.

The subcommission met in the rooms of the Manufacturers' Club at 11 a. m., Mr. Clarke presiding. At 11.56 a. m. Mr. Nathan T. Folwell was introduced as a witness, and, being duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and the name of your firm, and your business address.—A. N. T. Folwell, firm of Folwell, Bro. & Co., 625 Chestnut street, Philadelphia.

Q. What is your occupation?—A. We are manufacturers and jobbers of dry goods.

Q. Have you more than one mill?—A. Practically two mills combined in one, woolen and worsted.

Q. What is the name of the mill?—A. Collingswood Mills.

Q. Where are they located?—A. Third and Cambria, Philadelphia.

Q. How long has your firm been established?—A. As jobbers in dry goods since 1858.

Q. And as manufacturers since when?—A. For about 20 years.

Q. Do you make men's wear or women's wear?—A. Both.

Q. Are they all-wool goods or mixed?—A. We make all wool or worsted, cotton warps, and wool filling; in fact, a general line.

Q. Have you some specialties or are they generally staple goods in the open market?—A. Yes; mostly staple goods.

Q. What are some of the leading varieties?—A. Worsteds, serges for men's and women's wear; silk warp, henriettas, and broadcloths. Those are our specialties.

Q. Are they mostly plain goods or fancies?—A. Mostly plain.

Q. Do you change according to the demands of fashions?—A. Yes.

Q. How many hands do you employ?—A. I will tell you what our payroll is; but our hands vary if we are busy or not. Our pay roll is about \$7,500 weekly.

Q. Are your operatives composed of men and women?—A. Men and women; yes.

Q. And some young persons?—A. Some young persons for doffers in spinning. When the bobbins are full, then they are taken off of the spindles, and we employ young hands for that purpose.

Q. Can you give the age?—A. Our manager is instructed to abide by the laws and employ, I believe, none under 12 years of age, if I understand it right, in Pennsylvania.

Q. Have you had any labor difficulties?—A. Haven't had any now for some 6 years.

Q. Is your labor or any class of it organized?—A. I don't think so. I think it is most all outside of the union.

Q. Do you manufacture from the raw material all of your yarns, or do you buy them?—A. We manufacture most all; we do buy a few occasionally, but we usually make the goods from the wool up, from the fleece wool to the finished piece, dyeing and all.

Q. Are the goods all sold through your own mercantile houses?—A. Yes.

Q. Or do you have commission houses?—A. All sold through our own house.

Q. Where is your market for the goods principally?—A. From Maine to California.

Q. All over this country?—A. All over the country.

Q. Do you export any?—A. We don't export any.

Q. Please give us information as to the condition of your business in respect to its prosperity at the present time in comparison with any former period?—A. Well, our business at the present time, of course, is not so very good, because there has been a big decline in raw materials, and it has had a tendency to curtail business until things get established on a solid basis again. It looks as though now wool had reached about its level, and I do not see any reason why we should not go forward and have a good business. In other words, we have had a good deal of legislation in the past. We had no more than got established under the McKinley bill before the Wilson bill was passed, and it has taken us a great while to get over the Wilson bill, because the markets were flooded, not only with goods, but with wool; but it is pretty nearly over now, and if we are simply left alone I think everything will work out right. In other words, with our trade any legislation, either one way or the other, will unsettle us.

Q. You are very well satisfied, then, with existing laws, as far as they affect your business?—A. Yes.

Q. Was the free-wool experiment advantageous to your business or otherwise?—A. Free wool, coupled with the importation of goods at a very much lower price, of course stopped our mill. In fact, we were only running about half during the period of the Wilson bill. While we got wool much cheaper, the goods seemed to pour in here at almost any price.

Q. Had you any evidence of any impairment of the purchasing power of the people during that period?—A. Yes; business was demoralized, and of course demoralized on account of people not being able to purchase, not being employed.

Q. Why were they not employed, because of the large importations?—A. Large importations.

Q. Are prices now of the line of goods that you produce higher or lower than they were then?—A. During what period—during the McKinley Administration?

Q. Under the Wilson tariff, when your mill ran only about half the time?—A. Considerably higher, because wool was a great deal lower—raw material was a great deal lower under the Wilson bill than it is to-day. In other words, scoured wool, which is worth 45 to-day, could have been bought then for about 28.

Q. Are the prices of your goods relatively higher now than they were then for the same cost of material?—A. No. Considering the cost of material, I do not know but what they are rather lower, because the more we manufacture naturally the finer we get the cost of manufacture down.

Q. Is it highly important in woolen manufacture to have a settled condition of the tariff?—A. Most decidedly. There is nothing worse than uncertainty. That is the only drawback to business to-day, the seeming uncertainty. Everybody knows that that reads the papers. Every business man knows there has been a great decline in wool since last January, and they expect prices to correspond with the reduction in wool, and until the thing is settled we naturally can not have a good prosperous business.

Q. Well, you think that your prices, barring the increased cost of raw material, are somewhat lower now than they were then. How about the wages that you pay?—A. We pay just about the full rates we paid during the period of the McKinley bill or Harrison Administration.

Q. How do these wages compare with those paid during the life of the Wilson tariff?—A. Well, the wages during the Wilson tariff varied considerably; some we could not employ at all hardly at any price, but our general pay roll was 10 per cent off what we did employ. As I mentioned before, about half our mill was stopped.

Q. Of what class are your employees composed, Americans wholly, or partly people of foreign birth?—A. I judge that a great proportion of them are Americans. Of course we have some of the headmen who are English born, because the worsted industry, when we started our mill, was not known in this country. That is, most all headmen had to be brought over from the other side, being a new industry.

Q. Is there in Philadelphia an abundance of skilled help in the textile manufactures?—A. Yes.

Q. In that respect it is a good point for manufacture?—A. Very good; do not think there is any better in the country.

Q. Do many of your operatives live in houses of their own?—A. Well, that I could not answer. I know some do; but how many, what proportion, I could not tell.

Q. What are the housing facilities in Philadelphia for mill operatives?—A. Could not be better.

Q. Do they consist in corporation blocks of tenements, or do they consist in houses all over the city that the operatives may occupy or do occupy largely?—A. Houses all over the city. I do not think there are any special blocks of houses built by corporations. They are mostly built and sold or rented individually.

Q. Will you describe the character of these houses, if you have any personal knowledge of them?—A. The great bulk of the houses occupied by this class of labor up in Kensington and other parts of the city are 2 and 3 story houses.

Q. Built of brick and wood?—A. Built of brick, with bathrooms, hot and cold water, and practically all the conveniences you would get in a larger house.

Q. At what rental?—A. Well, they are renting all the way from \$12 to \$20 a month.

Q. How many rooms?—A. From 5 to 7 in a small house, and of course in a 3-story house there are from 10 to 12.

Q. What is the general practice of the renters of those houses—to occupy the houses singly or several families together?—A. Single families.

Q. Do your goods come in competition chiefly with American-made goods, or largely with goods of foreign make?—A. Well, at the present time with Ameri-

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can-made goods. Under the Wilson bill we came in competition with foreign goods more.

Q. Do you know anything about the conditions of wages of labor of your competitors in this country?—A. Simply by hearsay. As far as we can learn, most all Eastern wages are about the same as our own.

Q. It is your opinion, then, that the cost of production is substantially equal between you and your American competitors?—A. Yes; about the same.

Q. Are you able to institute any comparison between your cost of production and that of your foreign competitors?—A. In regard to wages?

Q. Wages and conditions of living?—A. Well, only what is generally known. I have heard just what a weaver would get and a spinner would get, and so on, and we take it that our wages are about double what is paid in France and Germany, and a little less than double what is paid in England.

Q. Have you any personal knowledge of this from observation in those countries?—A. Only from some of our men who are employed by us, who visit Europe.

Q. Do you know of any instance of any employees of yours tiring of employment in this country and leaving here and returning abroad to live?—A. We had one instance, but he came back again.

Q. Is it your opinion that they almost universally prefer to live here?—A. Most decidedly.

Q. Is it their testimony, so far as you know, that their conditions of living and their general prosperity are greatly improved here over those of the old countries?—A. Yes; that practically goes without saying. We have some people, some weavers, who have made enough money to buy their own houses, and on the other side they simply made enough money to keep body and soul together.

Q. How are they able to prosper so much better in this country than in the old countries?—A. Simply on account of the higher wages.

Q. And what enables you to pay higher wages than are paid there?—A. Simply on account of the tariff, that is all. We have got the bars up.

Q. Is the tariff, then, chiefly a protection to the manufacturer or to the employee?—A. Both; just as much to the one as to the other.

Q. Have you any complaint to make of transportation facilities for the distribution of your goods?—A. None.

Q. Do you ship mostly by railroads or by boat?—A. Mostly by railroad. However, it depends where the goods go, but, as most of our goods are shipped west, why naturally they have to go by railroad.

Q. Do you consider the rates reasonable and the facilities for loading and unloading ample?—A. We do; yes. No complaints to make on that score.

Q. What is your opinion of the general prosperity of the industries of Philadelphia at the present time compared with it under the period that you have named and have designated as the period of the Wilson tariff?—A. Well, as I said when I started out, we have gone through a period of fall of prices in wool, which has unsettled things; but if you ask me what I think of the general condition of the country, and what I think of the coming 2 or 3 years, I think it is going to be very prosperous, because while things have been dull this last 2 or 3 months on account of the drop in prices, I think they have all reached their level, and now we can go forward and do a good, healthy business; and as people are employed all over the country at good wages, and all industries seem to be prosperous, with the exception of the woolen industry, I do not see why the woolen industry should not improve and also be prosperous.

Q. (By Mr. FARQUHAR.) Do you dispose of your goods through commission houses, or have you commercial travelers?—A. Commercial travelers altogether.

Q. How many have you in your employment altogether?—A. About 30.

Q. What ground do they cover?—A. From Maine to California.

Q. Have you more employed now than you had 5 years ago—3 years ago?—A. Yes. We keep adding to them as we can find trade, you know, to send our men out to.

Q. You manufacture no specialties under agreement with the houses that you sell to?—A. No.

Q. You are in the open market and in open competition with all like manufacturers?—A. Yes; open to all. No patents.

Q. Have you any knowledge of any large combinations in manufactures that have been created in the last 2 or 3 years?—A. Well, the American Woolen Company. There are a lot of mills consolidated together for the purpose, they claim, of cheapening expenses and also lessening the cost of selling.

Q. But they hold out no special inducements nor exclusive trade, do they, different from the system before they were combined?—A. No; not at all.

Q. They simply claim it is economy of production and handling of products?—A. Yes.

Q. Have you ever been invited to join the American Woolen Company?—A. No; we have not.

Q. Do you think that combination has had any injurious effect on your business in any way?—A. I can't say that it has. There are too many outsiders for them to undertake to dictate or control the whole business.

Q. Then you would say it is almost impossible to make a combination in your business of all factories in this country?—A. I do.

Q. Big enough to control all output?—A. I do.

Q. Or 90 per cent of the output?—A. I don't think they could do it.

Q. Do you sell many of your goods in the New England States?—A. Quite a number; yes.

Q. Are they the general run of your products, or specialties?—A. General run of our manufactured goods.

Q. Do you make many sales in Canada?—A. No; we have tried that, but on account of duty, and especially as they can import goods from England much cheaper, we have no show there of any account.

Q. Is there such a thing as an organization or union among the textile workers in the city of Philadelphia?—A. There is a union here, and especially in the tapestries—the weaving tapestries and other kind of goods—but whether it is well organized at the present time in our line of business I do not know.

Q. You don't know of any organization among the mill hands?—A. Not especially; no.

Q. (By Mr. TOMPKINS.) Did you favor the idea of free wool before it was tried?—A. I did not.

Q. Did any of the woolen manufacturers favor it?—A. Yes.

Q. Have they changed their minds since they have tried it?—A. I think they have.

Q. You say that goods are lower now, relative to the price of raw material, than they were when you had free wool?—A. Not when they had free wool, that I know of; lower than they were under the Harrison Administration. On account of the sharpening of competition and increased manufacturing, that naturally gets things lower all the time.

Q. Are a great many of the operatives' houses owned by the operatives themselves in Philadelphia?—A. A great many of them are owned by themselves.

Q. Approximately, what would you estimate the proportion that are owned by the operatives?—A. That would be simply guesswork on my part.

Q. In the construction of a house, what has had the most influence here—the wages that are paid or your savings institutions?—A. Well, naturally, they must have wages first or they could not buy a house, but Philadelphia is especially fitted to build cheap houses. We have so much land here, an extent, in fact, north and west, unlimited, and we have our own clay to make the bricks right under the city here. The houses follow the brickyards right on out.

Q. But assuming that they get the wages, could these houses have been built without the building and loan associations of Philadelphia?—A. Yes; because I think most of the houses have been built by parties who build, we will say, a block of houses, and then they will sell them to individual persons.

Q. But where an individual buys, does not that individual person go in a building and loan?—A. Some do. There have been a great many houses bought through building and loan associations, but unless they get the wages to begin with they could not afford to keep up their building and loan dues.

Q. What I wanted to find out was whether a building and loan association was not an essential element in the development of this system of homes owned by the workmen; whether the wages alone would not leave a missing link or gap beyond which they could not have gone without the building and loan association in the ownership of houses?—A. I think that the building and loan association has had a great deal to do with it.

Q. Spreads the payment out from 6 to 10 years, which, in fact, gives them the use of the rent to make these payments?—A. Yes; no doubt of that.

Q. How far was there an overproduction in the woolen industry in the fiscal year of 1899 and 1900, so far as you know?—A. I can not answer that question.

Q. Nothing, so far as your own industry was concerned?—A. No; nothing special.

Q. Now, I want to ask how far the present dull condition was due to that overproduction?—A. I think it has much to do with it.

Q. Have you observed that members of the same family to a considerable degree are employed in your mills?—A. Sometimes 2 or 3 employed.

Q. Is there any arrangement between representatives of labor organizations and representatives of manufacturers' organizations in the woolen industry as

to wages, or hours, or other conditions of employment?—A. Not that I know of. There are no combinations of any kind that I know of; no special agreements.

Q. The scale of prices is fixed individually between the union and employers?—A. Yes; but naturally the weaver will have his price, you know, and the loom fixer will have his price. They have a sort of Free Masonry between them, and we generally pay the same for loom fixer as the other mills in Philadelphia pay; the same way with carding boys, and the same way with spinning boys, and so on.

Q. So far as you know, the wages are uniform in all similar institutions?—A. Yes. Now, you asked me a question about overproduction. As I said before, if you were a retailer in the market buying goods, knowing that wool was much cheaper, you would just simply buy from hand to mouth. That has been the state of trade for these last 3 months. The customers are buying in that way, which apparently seems like overproduction at the present time. Now, when we have a settled condition, I have no doubt that surplus will soon be used up.

(Testimony closed.)

PHILADELPHIA, PA., December 18, 1900.

TESTIMONY OF MR. LESLIE W. MILLER,

Principal of the School of Industrial Art.

The subcommission met at the manufacturers' club, pursuant to recess, at 3.17 p. m., Mr. Clarke presiding. At that time Mr. Leslie W. Miller, of Philadelphia, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Leslie W. Miller; principal of the School of Industrial Art; 320 South Broad street, Philadelphia, Pa.

Q. How long have you been principal of that institution?—A. Twenty years.

Q. Will you please proceed in your own way to give the commission a condensed history of the development of the school, its resources, the particular branches of art taught in it, the class of students gathered there, the length of term, curriculum, etc.? And if it will not disconcert you, the various commissioners will be glad to ask questions from time to time during the progress of your testimony.—A. The school was established to perpetuate the lessons of the Centennial Exposition in 1876. It was felt that the industrial lessons to be derived from that exhibition were very great, and were associated with a proper cultivation and application of art. The objects of the school, as thus stated, were very general, and no better model could be thought of than the English system, represented by South Kensington and the schools which, as you know, are scattered all over the Kingdom in nearly every village and hamlet, forming a part of the system. That was as definite a scheme as the promoters of the school had in mind. They therefore proceeded to make a collection as the nucleus of the museum at the exposition itself, which has continuously grown by purchases and loans, and bequests and gifts, until it now forms a very creditable and large collection of works of industrial art, which I hope the commission will visit before it concludes its session in this city. The institution was incorporated under the title of the Pennsylvania Museum and School of Industrial Art; and following the purposes and impulses indicated by its title, the first work which it did was the gathering of a museum which should serve as an object lesson for the whole community, and be directly helpful to any schools that might be established. The next thing to do was to establish a school to carry out specifically the purpose which I have roughly and imperfectly outlined. The school at first was naturally a drawing school, with this industrial purpose more or less definitely expressed and more or less directly carried out. The purpose was very general, and although it seemed to me to meet quite a general and genuine need on the part of the community, yet it failed to accomplish anything very definite, and rather languished after it had been established a year. The school was opened, I think, in 1877. I lived in Boston at the time. In 1880 a delegation of the officers invited me to take charge of the school and see what I could make out of it, in giving a little more direct purpose and greater usefulness to it. I came here, as I have said, just 20 years ago last summer. The school was small, was occupying small quarters in the Franklin Institute. I was the only teacher. I set myself with this little drawing class and what I knew of drawing, especially with an industrial purpose, to make it a school of industrial design. We attracted at the time a rather small number of students, but we had enough to

do with so that in a year or two I was able to show the men of Philadelphia to whom I appealed for a larger support the direction which I thought a school of industrial art ought to take. I appealed to a good many men or several men, such men as I obtained introduction to, who I thought were industrial in sympathies and interests, for a larger support. I heard that there was a purpose on foot among the manufacturers to establish a textile school. I sought an interview with the men who were known to be identified with that, and found Mr. Search. Everybody told me, Mr. Theodore C. Search is your man; talk with Mr. Search. I obtained an introduction to Mr. Search and invited him to come and see what I was doing in my very modest and single-handed way. Mr. Search came and saw the work which, while we had nothing like laboratories, nothing like the facilities for demonstration or execution in industrial methods, yet appealed to him as being conceived at least in the right spirit. He assured me of his very cordial appreciation and promised me his active support. He asked how he could help me. I said, "You can come into our board." He said, "All right, I will." He came into our board and was asked to assume the chairmanship of the committee on instruction, being the committee, of course, in charge of the school. Just about that time or a little before that we had, however, moved from Franklin Institute into quarters which had been secured, where the school could at least be independent, on Chestnut street, where we had first one floor and then two floors of a building—the Wernwag Building, Seventeenth and Chestnut, number 1709. When Mr. Search took hold, he said, "We must have larger quarters; we must do more than this." We purchased then the building at 1336 Spring Garden street, to which additions were afterwards made, so that in a few years we had quite an establishment up there. The school continued to grow, until in 1893 we purchased the fine large property which you have just inspected at Broad and Pine streets. Mr. Search at once was able to add to such resources as we had hitherto commanded that of the textile interest, especially represented by the Philadelphia Textile Association, of which he was president at the time, I think. A fund of some \$30,000 had been subscribed among the textile men of the city to establish a textile school; and, of course, my plea was that it would be a mistake to establish a textile school without the association of art which should make effective the teaching of design. Merely technical design, I assured them, was not what they wanted, which could only result in copying and making of design as much of a trade as weaving or spinning, which was not what they wanted. I pleaded with them to establish their textile school as a branch of an art school, so that everyone who came into it should come under influences which should tend to the development of the best power of design which the student possessed. It appealed to him and those who were with him, and the textile school was established as a department of the Pennsylvania Museum and School of Industrial Art in the year 1884, I think, just at the time of our removal to Spring Garden street.

The art school, however, was working under my own virtually unaided instruction for the first year or two. Near the end of the first year I appointed one of my best students as my assistant in the evening class, but I think for about two years I was the only teacher in the day class. The work of the art school had in the meantime been developing in the direction of making the industrial purpose, as expressed in its design work, definite and pronounced.

We added a school of carving; we added modeling, under men who could give it an industrial character either with reference to architectural ornamentation or ceramics, pottery; and taught design in its application to surface decoration, such as printed fabrics on papers, and textures of all kinds in that way; so that the industrial character of the work in design was apparent and definite, and the two branches of the school have in that way continued to develop in a fairly regular manner and with fairly even steps ever since, until the School of Applied Art on the one side and the Philadelphia Textile School on the other represent fairly well the two branches of instruction.

Q. Does experience justify your prediction that the two really belong together and are very helpful?—A. I feel so very strongly.

Q. (By Mr. FARQUHAR.) Is it sufficient for a pupil to go through the course of one without going through the other?—A. Of the students of the art school I can not say that they get much out of the textile school. It is not possible for a student of the textile school to take our course without doing a good deal of the work of the art school. I do not say he does it all, but a good deal of it. He works under the same teachers, and a certain amount of the teaching is common to both schools. A good many scholars who come to us for the textile school end in the art school—find that that is what does them the most good. There have been several very noticeable examples of that—men who come to us because the textile school makes the most direct appeal to them in the first place, but a little

experience enables them to determine for themselves that what will give them the real power which they are after is to be obtained rather in the art school than in the textile schools, and they finish by working in that. I remember distinctly one young man who came to us from a manufacturing community in central New York. All his associations were with the mills, and he was attracted to us simply and solely on the ground of its being a textile school. He did excellent work with us for about 2 years, I think, when he obtained an excellent position as a designer for a narrow goods mill in Massachusetts. As soon as he could see his way, after a year or two, and his position there was confirmed and established, he came back to the school to take an advanced course, not in the textile school at all, but in the art school, which was a good illustration to me of the kind of thing which the school had to give him and which was obtained most directly in the school of applied art. We have had several such cases as that—some very recently.

Q. (By Mr. CLARKE.) Can you briefly describe the course of instruction in each department?—A. In the art school our work is based on drawing, delineation of actual forms, the study of the practical requirements in design, and the study of historical precedents, so that the student shall have a knowledge of style or rather of the historic styles as well as what is known to the designer as style itself, which is largely a matter of material and methods. With this work is associated such practice in the use of plaster, wood, glass, pottery, leather, and metals as shall make their designs practical, shall make them as much as possible working drawings. In furniture design, for example, the students work under an accomplished designer who is himself one of the designers of one of the best furniture factories in the city—one of our own graduates, in the first place, who got into his position through the instruction which he obtained in the school. Then he devotes a certain amount of time each week in the school, the students making full-sized working drawings, just as they would in the drawing room of the furniture factory. In the same way our department of applied design—at least, the advanced class—is conducted by the proprietor of a stained-glass factory, who conducts a very successful business in this city. The person is a woman, who was qualified for her work by the instruction she received in the school. She never learned the trade except as she learned it in her own shop, one might almost say. After finishing the work in the school she was left a widow, and she turned her art training and her design training which the school had given her in this way, and established and maintains a very successful factory for making stained-glass windows. She also comes to the school and conducts a class from the same point of view of the practical manufacturer. I look upon her success as a conspicuous example of the success of the practical methods of the school; for while a great many of our scholars are practical men when they come to us—that is, have had a great deal of shop and mill experience—here was a case where she could not have had that at all. She was a woman already fairly matured; she was a mother, I think, when she came to the school, and was the mistress of a happy home; but, being left a widow, she turned, more because of the mental suffering than any other need—she sought occupation like this and established and has maintained to this day for a great many years a successful business as a stained-glass manufacturer. In that way we command on our teaching force a good many. There are several who have had a great deal of practical experience in mill and shop work who are instructors in the school.

Q. (By Mr. FARQUHAR.) Have any of your pupils gone out to any of the furniture manufacturers of the United States and got good positions with them?—A. Oh, yes; nearly all the men. I can not say the women to such a large extent, but nearly all the men get into good positions as designers—the artistic very advanced men.

Q. Have you any of your pupils in Grand Rapids, Mich.?—A. Yes; I suppose the best furniture designer there. He was for many years with Berkey & Gay. They either wrote or came and asked me to send them a designer. I recommended a young man who had been in the school for many years, and he was with them until he left them to better his condition, either as an independent designer or with another establishment, I have forgotten which. I have lost track of him in the last few years; but I know he gave unqualified success as far as my information goes. His name was Holt. I had known him for a good many years. He was working here at the time at a furniture factory—Smith's, in West Philadelphia; and when he went to Berkey & Gay his place was taken, or virtually the same place, very soon afterwards by the young man of whom I speak who is now our instructor, who has a sufficiently independent position, and the firm very kindly allow him to devote a certain amount of his time to instruction in the school.

Q. How far advanced are your pupils that come into either of your schools in general education?—A. It would be necessary there to describe with a little more definiteness, to answer the question in regard to the class of students to whom we appeal. We appeal to two rather distinct classes. It would perhaps be difficult to say which was the most important and for which we did the most. Our day classes are quite distinct from our evening classes. They are fairly equal in number. I do not think there is any great preponderance in numbers with either class, but the evening class is composed of workmen and women, operatives a good many of them in the mills; men, of course, of fairly good position in the mills, bosses of one department or another, or workmen or draftsmen in the offices—younger men. They are connected, with probably hardly any exception, with industrial work of some kind or other. Our day classes are composed in the textile school entirely of young men; that is, it is very rare when a young woman takes that course; occasionally she does. But they are young men of good families and good education. A large proportion of them are college men, sometimes graduates. I have had graduates of Harvard, and I think a few from Yale. I have certainly had several men from Harvard, and although our entrance requirements do not demand a college education, the college men can always avail themselves of the opportunities of the school more fully than anybody else, and get more out of it. They are our best men—those who come to us with a college education. They assume at once a decidedly advanced position in the work of the school and attain a success which is hard for others to achieve. I only say that to show that there is plenty for them to do, to apply the best training they have. In the day class in the art school the sexes are about equally divided, with possibly a slight preponderance of women. They are high school or about the high school grade of pupils. Many of them have gone through the high school or the manual training school, which in our city corresponds to the high-school grade fairly well, before they come to us—not always. Our examination supposes graduation from the grammar school course. As a matter of fact, a very large percentage of them are considerably more advanced than that.

Q. (By Mr. CLARKE.) Is there instruction in the languages or in the sciences in your school?—A. The languages, yes. We have a school of modern languages in which French, German, and Spanish are taught. In science the chemistry plays a very prominent part in the textile school. Students in the art school have a certain amount of instruction in the chemistry of pigments, but of course it is not thorough in the way it is in the textile school, where they spend a great deal of time, where all students in the required course are required to take a very thorough course in chemistry.

Q. (By Mr. FARQUHAR.) Your modern languages are taught for commercial purposes?—A. The whole thing is run for practical purposes, yes. The students are encouraged to study at least one modern language, instruction in that being free to them. We do everything we can to make them devote a few hours in each week to one of the three modern languages which I have described.

Q. (By Mr. LITCHMAN.) How far have you found the course of instruction to be an incentive to invention on the part of the students?—A. You mean mechanical invention?

Q. Yes.—A. The whole organization of the school of design supposes invention on the part of the pupil.

Q. Natural aptitude?—A. In a way; that is, as distinct from a school of copying even from a cast or an object. Our school enforces the design purpose and encourages the impulse to create from the beginning, from the most elementary work to the most advanced. As far as mechanical invention is concerned, I can not say that students of any school have ever accomplished very much of that. My own feeling is that that is pretty sure to apply to a more mature state of mind than is represented by the student in any institution, although I know that the problems of mechanical invention have occupied the men to a considerable extent. One young fellow, I remember, a few years ago worked very hard and prepared a very good thesis at the end of the year on a form of invention as applied to the loom. I can not at this moment remember what it was, but I think it was an electrical loom which he had worked on.

Q. (By Mr. CLARKE.) Is the highest grade of instruction in your art school given in the night class?—A. Yes, we have as thoroughly organized and recognized art school as you will find in any academy in America or in Europe, beginning with the cast and ending with the life class. Our instruction in the art school begins with the purpose that the stimulus to original composition is to be enforced throughout; the model is posed, with certain advice to the students, and they are encouraged to make composition or conception of something that the drawing can express beside the actual posing of the model and study from it.

They participate in the arrangement of the figure itself to express something. In a great many life classes this is not the same. The class is passive to that extent. They go into the room and find the model posed, or the model is posed by the instructor, and they copy the model as they would copy a cast or any other drawing. We try in every way to encourage initiative on the part of the student as to what the figure should express on which he is engaged, so that the model in the life class shall be used and not be something to be copied in a passive way.

Q. Does that principle of originality pertain to your school of design also?—A. You mean the textile school?

Q. Yes.—A. The purpose of the textile school is roughly something like this: The fabric there is the foundation, the starting point for instruction. The student contemplates the finished fabric; he analyzes it both in a material sense and for the effect as well; he learns to classify effects as well as materials, and he varies those effects very much as he would study music; he would learn themes and the treatment of them and would learn to make his own variations, just as the student in the musical class would be instructed in the different kinds of composition, types of which would be put before him, and he would be expected to vary them in his own way, the possible combinations being shown to him. Those combinations, of course, he works out in his own way and thus finds the possibilities of a given kind of fabrics or a given class of patterns.

Q. (By Mr. LITCHMAN.) Carrying out that instruction, he is at the same time working with tools in the shop, looms and other things of that nature?—A. All the time.

Q. Exactly the counterpart of what he would use in practical life?—A. All the time, part of each day being spent in the designing room or making calculations for analyses and performing experiments in the laboratory, and part of every day—I think nearly every day, certainly a large part of every week—being spent in demonstration or rather experiment on the loom, working out the principles which he has acquired in the class room.

Q. Then in effect the student designs the patterns?—A. Yes.

Q. In all the process from the beginning to the end?—A. That is right, so that he is able to produce a fabric which in every step is his own from the scouring of the wool or the carding of the cotton to the dyeing and finishing of the fabric.

Q. (By Mr. CLARKE.) Perhaps before you go into a description of the course of procedure in the textile school, it may be helpful if you will give a little description of the plan and size of your buildings and of their equipment.—A. The building properly occupies the site at the corner of Broad and Pine streets, 200 feet front on Broad street and about 400 feet on Pine street, a whole Philadelphia square. It is furnished with the ordinary class rooms and studios common to art schools, and, in addition to that, with laboratories for chemistry and dyeing, carding, spinning, weaving, work rooms in wood, woodwork and carving and modeling, and a class in bookbinding, among others, to bring the student in contact with leather and with the ornamental treatment of it. The equipment, especially in the textile school, is very complete.

Q. How many wings are there to the buildings?—A. There is a front on Broad street, in which the administrative offices are located, the office of the registrar and the principal's office, the library, and the committee room, and meeting room for the officers running back from them. Adjoining that in the center is the largest lecture room we have and the meeting room for general purposes. Running back from this front are two wings extending to Fifteenth street, one of which is occupied mainly, the north wing, by the School of Applied Art, and the southern one occupied by the textile school. The textile school has, however, encroached a little on the north wing, the machinery for worsted spinning being located in the north wing.

Q. How many floors are there? A. There are four floors, three floors above ground and a basement, the basement being as fully occupied in the textile school at least as either of the others with machinery.

Q. Please describe the work to which a young man or woman is placed on entrance into the textile school, and trace the progress along through the various stages.—A. The student takes up, as I say, the subject of the making of cloth in a general kind of way. He is brought into contact with the different classifications of fabrics or different kinds of fabrics. He is taught how to analyze them and to state their structure and character by graphic means, that is, by designs supplemented by written and mathematical calculations, specifications of cloth. He has a course of this kind at first, of the fundamental weaves, the structure of single cloths, on which he works out, as I have tried to show, to a certain extent what we may call the variations of a given theme, a given kind of weave varied into different patterns, so that his own work can not be like the next one's, and

yet they all cover the same ground. His first year is devoted very largely to single cloths and to practice with the loom, a hand loom, which is placed at his disposal, and at which he can work a certain number of hours each week—I think about ten—enabling him to make a synthesis and corresponding analysis, which he does under another teacher. That is, he reproduces certain forms of cloth with his own hands. And he studies at the same time chemistry, the first year being largely occupied with a course in chemistry, conceived, of course, with reference to the ultimate needs of a textile man, but still a good general course in chemistry. In his second year he takes up a course of double cloths and of Jacquard. In his first year he would not be confined to the science of weaving, but he would be doing free-hand work, would be making drawings and patterns, would be drawing patterns and coloring them, which would furnish material for Jacquard work in his second year. So that in his second year he faces the problem of a double cloth and of Jacquard and of the power loom, his chemistry giving place to dyeing. The practical problems of dyeing furnish the main material or purpose of instruction in his second year. In his third year he is expected to choose some specialty or to have it chosen for him, in which he will carry his investigation and his work, both of design and execution, as far as possible. In other words, the first year is largely devoted to single cloths and hand weaving and general design; the second year to double cloths, Jacquard and dyeing; and the third year to perfecting himself in some branch which appeals to him—it may be carpets, it may be gauzes, it may be any great branch of textiles that appeals to him most. Our men, especially those who stay with us 3 years, usually have such connections, family or other, as enable them to see pretty clearly what their careers are likely to be, and they like to specialize with reference to that in their advanced work.

Q. Are they all taught to take apart their machines and put them together again?

—A. Their work with the machine is very largely of that character. A good deal of misunderstanding of the student's connection with the machine and loom, etc., seems to be quite common. People seem to think that the loom is to weave on, the actual weaving being, of course, a very small part of the work of the student. When the pattern is ready and when the cloth is ready to weave, when the thing is adjusted and the pattern is in it so that the loom will produce the piece of cloth correctly, then the student is done with it. That is the end and not the beginning of the work of the loom. The student's work is to adjust the loom to weave that piece of goods, to experiment with it, to detect faults, to find where it fails, and to remedy those defects. When the thing works right, when the piece of goods is produced in good shape, the student is done; the loom is ready to cut out and change that warp and make a new thing. The running of the loom proper forms no part of his work; and perhaps he will weave in 15 minutes what it has taken him a month or 2 months to prepare.

Q. Are they taught to cut the cards for use with the Jacquard machine?—A. Yes; you saw them running them on at every Jacquard that the school is furnished with. I will not say in every particular case, but the student is expected to do every particular step in the production of a fabric, to take every step, to know, to be familiar with, and to have done it on some piece of stuff or other from the raw wool, almost, or as it comes to us in the bale, to the finished product.

Q. How elaborately have they been able to carry on and to make that Jacquard work?—A. We have a silk curtain—a good many thousand cards. I can say this: I was told by people who know more about textiles than I do that it represented the most elaborate piece of Jacquard weaving that had been done in America at that time.

Q. (By Mr. LITCHMAN.) That was a design of one of the students?—A. It was worked among the students, but with a teacher. Of course I do not say the work was not very largely that of the teacher, but the work was all done in the school with the students' help.

Q. (By Mr. CLARK.) Is there any kind of textile work done in the factories in this country or any other country but what you prepare students to do in your school?—A. That is a pretty large question, and supposes a knowledge of the textile industry outside the school which I am afraid I do not possess. There may be branches of industry of which I am not cognizant. I doubt if there are mills, however, running on classes of fabrics for which the work is not a more or less adequate preparation, unless it is the lace-curtain industry. We do not do much with the lace curtain. I believe it has been decided that that is a new industry. Although there is a certain amount of lace-curtain making done, we do not teach it.

Q. (By Mr. LITCHMAN.) You find the designs completed in the school, and you can print them and furnish them to the manufacturers?—A. No; we have no printing plant installed yet.

Q. The printing is not done in your school?—A. No; it is not. There is no reason why it should not be done if it should be worth while.

Q. (By Mr. CLARKE.) The preparation is in the design?—A. The designing for printing is done, a great deal of it.

Q. (By Mr. LITCHMAN.) In a general way, how is the school supported?—A. The school was established as a purely philanthropic work by public-spirited citizens, who undertook to manage it as a free school without the payment of any fees on the part of the pupil or any official support on either the part of the city or the State or any other government. Of course that very quickly was found to be impossible, because that supposed an amount of giving in connection with an experiment in education which was impossible. In 1887 we went to the State legislature and asked for some support. Up to that time we had had nothing save what had been given by individuals; and the textile association, of which I spoke to you, had a fund subscribed of, I think, about \$28,000, the bulk of which was actually paid in—it was all called for, and the bulk of it was paid in—due to Mr. Search's request, and became available for the support of the school for a few years. It was on that that we made our beginning. A very active associate committee of women which, under Mrs. E. D. Gillespie's direction, had conducted the women's department of the Centennial Exposition and had never disbanded, began active work to raise funds for the support of the school, and I think that during the critical period of the school's history, when it for the first time realized that it was impossible to conduct a work like that without any available means of support, in that critical period I think the associate committee of women contributed something like \$30,000 to its support and carried it over the darkest period in its history. In 1887 we appealed to the State legislature, and secured an appropriation of \$10,000 a year, which has been increased and continued, so that we have not since that time been without that amount. There was appropriated by the last legislature, or, rather, if it had received the proper executive approval there would have become available the sum of \$20,000 a year. The preceding legislature appropriated more than that, but it was cut down. A few years ago we also appealed to the city, and are now receiving \$10,000 a year from the city. Meantime the amounts received from fees have gradually increased until they amount, I think, to some \$17,000 this year; so that we have, roughly, between \$40,000 and \$50,000 resources.

Q. Have you had any endowments by bequest?—A. We have had a few. I think the endowment fund amounts to about \$100,000, the principal one being the Joseph E. Temple bequest to the institution as a whole—museum and school.

Q. What provision for free scholarships have you?—A. In connection with the bill by which the legislature grants us the appropriation there is a provision that a free scholarship shall be available for each county, and in case of counties having more than one senator, as many scholarships as there are senatorial districts. That, you see, makes upward of 70 free scholars for the State of Pennsylvania. In the same way in the city, the city appropriation is coupled with a provision for 51 free scholarships—a certain number from the grammar schools and 2 from each of the high and manual-training schools, so that it amounts to 51.

Q. How are those scholarships bestowed?—A. They are bestowed in the case of grammar-school students by a competitive examination conducted at the school, each principal of the grammar school being privileged to certify scholars who are available for the examination. On examination I submit a report of the results of the examination, and the appointments are made by the board of education in accordance with the ratings given in my report. In the case of the high, normal, and manual-training schools the recommendations are made by the faculty. There are teachers of drawing in each of those schools, and the appointments are made on the recommendation of the faculty.

Q. By that process naturally the law of the survival of the fittest is applied?—A. Yes; we get a very good class of students. I am very glad to say, if the commission will not regard it as an impertinence on my part, that the appointments from the State at large, made very largely on the recommendation of legislators by the governor—the law only providing that the appointment shall be made by the governor—I am very glad to say that these appointments, made often without any direct preparation for the work of the school, have given us on the whole quite as satisfactory a class of students as those who have been prepared in the city schools and have passed the competitive examination here or been recommended for their position by the faculties of the high schools. On the whole we have had an excellent class of students.

Q. They are naturally students who in their home surroundings have shown an aptitude for the course?—A. Precisely; have commended themselves to the authorities and have earned the commendation of the community.

Q. Aside from those scholarships, what are the tuition fees?—A. The tuition fees in the day class are \$80 a year—I mean in the art school. In the textile school they are \$150 a year. In the evening courses in both schools the fees are very low—nominal fees.

Q. Your evening classes are more particularly for the use of students that come from the classes employed in the factories?—A. Precisely.

Q. And are maintained for the purpose of giving them an opportunity of getting an education?—A. Exactly.

Q. A technical education?—A. Yes.

Q. (By Mr. TOMPKINS.) I would like to ask whether the graduates of this school find ready and profitable employment?—A. Yes; in the case of the young men, practically without exception. The question of the employment of the young women, as everybody knows, is a more complicated one, but in the case of the young men there is hardly a case, I might almost say no case, of a man graduated with good standing and ability who has not secured almost immediately employment in the different lines of work for which the school is a preparation. I doubt if any professional school can show a better record in that way than our School of Industrial Art.

Q. Do you find that in practical life there is a demand for your young people?—A. Yes.

Q. Would you think it advisable to introduce into the high schools some of the elementary work relating to textile education for the people who are going to follow the occupation, not in the line of art?—A. If it could be done in the right way. I do not think we have quite found the right way to do it. I do not think the adjustment has yet been made to educational methods of industrial aims, artistic or otherwise. I think it will take time to do that. I mean by that that it seems to me that such a matter should be met by a modification of existing methods of general instruction rather than by the provision of special appliances or the organization of special classes in connection with the industry. What I mean is this, if you will allow me to make an illustration: I look at text-books in arithmetic and find them almost wholly occupied with mercantile problems, with the computation of profits and brokerage. It seems to me an arithmetic written on proper lines would be largely occupied with calculations of speeds of machinery and of problems that would lead the student's mind to work in connection with industrial purposes quite as much as with purely mercantile problems, and would furnish the opportunity and give the means for instructors who are themselves informed regarding the nature of the different industries to impart a great deal of information in a general way about industrial work, and give the right direction to a mind that was industrially inclined. I have found that a great deal may be done by teachers who are themselves properly informed, and text-book writers who have the right point of view might give something of this character to their books and infuse something of this spirit into all the schools. I do not believe much in specializing or introducing what seems like professional work into elementary education.

Q. What I had in mind was this: In your school you develop artists and designers and those who can make new classes of goods.—A. Yes.

Q. Then would it not be an improvement and quite an advantage if, through the high school or some other elementary school, a sufficient introduction was given to that class of work that those who did not expect to undertake designing or art work, but who wanted to qualify themselves for a sufficient understanding of it to apply it extensively, could have the opportunity?—A. I do not think you will gain anything by starting that specialized work younger than 16 years of age. The whole question of professional or special instruction in the high school is a much larger one than I feel confident to handle. This is a part of the general question of how far we should introduce technical or professional instruction of any kind into the common school.

Q. The idea would be that in the high school an introduction to technical education might be given, such as is given to the nurse by the professional training school as compared with that given to the prospective physician by the professional school. Your school might occupy the position of the physician's and the other the relative position of the nurse's, not undertaking to teach the nurse medicine, but, under the direction of the physician, to make a better nurse than she would without any instruction at all.—A. Personally, I do not believe in the introduction of professional studies into the common or high schools. It should be reserved for the special school. I believe that everyone who can do so is bound to give his sons or daughters at least a college training as liberal as you can make it.

Q. Is not that result reached in a measure by the scholarships to which you have referred?—A. It is accomplished.

Q. That is, the place of the public schools is to show the aptitude for a technical education by the law of selection you have already explained, having the broad foundation in the public school and high school supplemented in your school?—**A.** Yes; that is right. I ought to say that anything I said just now about special professional instruction not having a place in elementary schools ought always to be understood as said in connection with the supplementary work of evening schools, which ought to exist everywhere and at all times, not only for the operative classes, those who have to leave school early and go to work, but for men who have to go to work at whatever age. They should have the supplement of night schools, which should be open 6 nights a week, and, in a more enlightened and more Christian community than ours, will be open always on Sunday. The supplementary schools we must have. They have them abroad, and we will have them here. Sunday and evening schools to supplement the work of instruction for those who are debarred from the higher education of day schools I regard as the most important part of industrial education for the great masses.

Q. My question was as to whether that could be done in the ordinary high school.—**A.** No; I do not think so.

Q. (By Mr. LITCHMAN.) Do you wish us to understand in that connection that the course in the high school being necessarily general and for all pupils, there would be a waste of effort in trying to educate those who had no natural aptitude in the direction given?—**A.** I think both that and also this: That success in the industries themselves depends on the cultivation of powers which are probably cultivated more effectively by what seems to be a little less direct method. For example, this matter of calculations is a very important one in our textile work. The men have to do a great deal of calculating, but I believe a boy will get a better preparation for that in the high school by the more general course of mathematics than if he were all the time occupied with textile calculations. I believe he would go further in textile calculations at the end of his high-school course than if he took the textile calculations alone. His mind would be more active and developed. It is the same way in designing. A student who tries to specialize, even in our school, and feels that he has a very definite object in coming to the school and wants one kind of fabric—I feel that he does not get as far at the end of the year even in that line as the one who takes the regular course and develops his mind in a more general way, for what we need is mental power rather than specific information.

Q. (By Mr. KENNEDY.) I noticed in going through your institution that some students were learning the art of bookmaking. What future use do they make of that?—**A.** I do not know that we have turned out any bookbinders. The object is to familiarize them with design in connection with material. It seems to me a fundamental principle that the designer should think and feel in certain material and along certain lines of productions, and that the design should be an expression of character in connection with certain industrial work and certain material. I like them to work in leather as well as in wood. Bookbinding has, to my mind, the same kind of association with design that furniture has on its ground and the textiles on theirs. I want them to think in these materials and be familiar with the processes, so that every feeling and expression in design shall be associated with actual production in the several materials.

Q. Did you say how many months in the year the school is in operation?—**A.** We begin on the Monday nearest October 1, whether coming in September or October, and close the first or second week in June.

Q. (By Mr. CLARKE.) In the textile school when material is placed in the hands of the pupil, is it charged to him?—**A.** It is charged to him in a sense, he being accountable for it. I confess I am not quite familiar with the operation myself. I do not think we charge it to them and go as far as they go in the business colleges, where they have make-believe money and keep books; but he is charged with certain material which, allowing for reasonable waste, should make so much fabric.

Q. Is his economical use of that material one of the tests in his examination?—**A.** Yes; I understand so.

Q. I notice Mrs. Gillespie is president of the Associated Committee of Women?—**A.** Yes.

Q. Is Mrs. Gillespie a descendant of Dr. Franklin?—**A.** Yes; she is a great-granddaughter of Dr. Franklin.

Q. And an inheritor of his public spirit and economic ideas in reference to industries?—**A.** Fully, I should say. I should say she very adequately represented the traditions of the Franklin family. She has been a very active and efficient supporter of the school, and, as I say, I do not see how the school could have

existed over its most trying period without the support of the Associated Committee of Women and Mrs. Gillespie. I regard them as the salvation of the school at a critical period of its history.

Q. (By Mr. FARQUHAR.) Have you a system of matriculation and graduation in your school?—A. A simple matriculation; the student passes an examination certainly, but the examination is not difficult. Students regularly graduate, but we do not confer degrees.

Q. After graduation from a 3 years' course what might be the salary one of your graduates would receive in a practical mill?—A. Well, that would be hard to answer. In some cases—I think of one, where I think the young man received \$100 a month, and he receives now, I think, \$4,000 a year. I think, however, he is in rather good luck. I think that is rather exceptional. As a rule, I think they begin as assistant superintendents in mills, or superintendent of a department, or as designer in the office. I really could not say. I suppose they get all sorts of positions; \$10 or \$12 a week at first, but working up very quickly to, getting, and maintaining a position, I should say, of \$20 or \$30 a week.

Q. As good as the ordinary professions?—A. I should think so. I should think a man would probably have a better chance than a doctor or a dentist. I should think he would earn as much money in his first year, as a rule, as either of these.

Q. (By Mr. LITCHMAN.) Is any assistance given by the faculty of the school toward getting employment for the students?—A. The school is frequently an employment office. I suppose there is nearly every month one or more in the textile school who goes directly from the school to a place to which he has been named by the director of the textile school.

Q. (By Mr. FARQUHAR.) Do you teach there the rudiments and better than the rudiments of how to practically operate a mill; how to take care of its business and the financial management of the mill; how to purchase the raw material, etc?—A. Not as fully as we want to. Inadequate support has prevented our organization of a connection like that before the more properly technical processes and the larger or more general processes or practices of business; but that is our idea in connection with that department, and it would go very far in its methods to solve the general questions raised by Mr. Tompkins. I think that kind of instruction associated with or supplementary to the more technical training would just complete and round out the purpose of the modern business training, using the word in its largest sense.

Q. (By Mr. KENNEY.) Can you say about what proportion of your graduates get into employment beyond the borders of Pennsylvania?—A. It is hard to give you anything like a definite statement or figures, but I will say that a fairly large proportion of them go out to other States. I am afraid that more of them go to New England than find their occupation in Pennsylvania.

Q. A great many go South?—A. Some go South and some West.

Q. So that more than half of them go outside of the State?—A. I should say fully half. Pennsylvania is undoubtedly helping to educate the men who conduct the mills of New England.

Q. And the South?—A. And the South.

Q. (By Mr. FARQUHAR.) Do many of them get in as teachers in industrial schools?—A. To some extent. The director of textiles at Atlanta is one of our boys, recommended by us. The instructor at Clemson is, I think, one of our boys.

Q. (By Mr. CLARKE.) Have you any additional statement to make, Mr. Miller?—A. I do not think of anything except to say, in furtherance of the question raised by Mr. Farquhar, that the extension of the school in the direction which he has indicated is desirable, which I presume from the tone of the question, is the thing we care most about. If our support were more adequate, we would certainly attempt it.

Q. (By Mr. LITCHMAN.) How far does the education of your institution lead up to the technical education at the Boston Institute of Technology? Is that a higher course of education?—A. In one way it undoubtedly is—in the sense of being more general.

Q. Have you any knowledge of any of your students having taken a supplementary course at any of these higher institutions?—A. No; I do not recollect a single student who went from our school to the Institute of Technology. On the other hand, a great many of our students have come to us from the University or the Institute of Technology to specialize. We have had several Harvard men and Institute men who came to us to specialize on chemistry, for example, and men who have graduated from one or other of the smaller colleges. I have in mind now a man who having graduated from one of the smaller colleges, and having had a special course of chemistry in Harvard, then came to us to specialize on textile chemistry.

Q. Your education is on the idea of more application to the textile industry than anything else?—A. It is a professional school in that way, and it naturally comes after a college or university or even technology course, without reference to any question of which is the higher. It is at least a more special work.

Q. It would be similar to the academic student taking the whole course?—A. Precisely.

Q. (By Mr. CLARKE.) Since this specialization in textile chemistry began, has there been a marked improvement in the dyes and permanency of dyes in fabrics?—A. I think it is a continually growing improvement. I think there is a continual growth in that direction. Every school and every teacher has contributed something to that, I might say. Although I am bound to say that I myself feel that a great deal of our vaunted progress and so-called improvement is rather in the direction of cheapness than excellence. Improvements in methods of dyeing or what are exploited as improvements, I am afraid, are too often methods by which the cost can be saved rather than permanency secured. While there is ability enough, in Philadelphia, undoubtedly, to make dyes at once brilliant and permanent, yet nearly always the commercial consideration determines the choice of methods. I feel that very strongly in a great many lines of production, and it must be understood without any reflection on the ability of those engaged in it or developing it to make the more excellent work if they could be supported; but the commercial question comes in and demands an amount of cheapness to an increasing degree which any school is powerless to counteract.

Q. Do you make it a point of consideration and instruction in your school to emphasize excellence and permanence in the matter of coloring and dyes?—A. Why, of course; but we do not dodge the other issue. We do not avoid or fail to face the problem of the necessity of competing and of making things economically; and we teach the dyeing and the entire branch of textile work as it is in the presence of the commercial problem. Understand what I mean—that things must be produced at a reasonable cost or they can not compete in the open market; so we do not dodge that question, but meet it very frankly, that things must be produced at as low cost as is compatible with their merit.

Q. Are any of the fabrics produced in your school disposed of commercially?—A. No.

Q. They are not produced in sufficient quantities for that?—A. No. Fabrics are not produced in any quantities at all. I tried to explain that in speaking of the running machinery. The object is not to produce fabrics, but to educate men in the production of fabrics. As soon as the loom works all right and the fabric is good, we are ready to discontinue it and cut it out and start another. The product of the school has no commercial value. I do not suppose a bit of cloth was ever sold out of the school.

Q. Is architecture a branch of instruction in your school?—A. Yes.

Q. Have any of the designs of your classes been exhibited and used in factories, or in architecture in the construction of buildings?—A. I should say not.

Q. (By Mr. TOMPKINS.) Were not some of the designs and ornamental work of the centennial at Nashville done by your students?—A. There was a figure there—a panel, I think it was. I am not sure, but I think it was made a fountain of. It was a panel, possibly as big as that [indicating], I suppose about 4 or 5 feet long. That was exhibited in the Women's Building at Nashville. It was the work of one of our young women students here at the school.

Q. (By Mr. CLARKE.) Was any of the ornamental work on Horticultural Hall in this city?—A. (Interrupting.) The sculptor that had the contract to execute that work was our instructor in modeling, and the work was done in the basement of the school. The students were working on the work with him, some of the pilasters being modeled by the students after the old method of the apprentice working with the master and certain details being intrusted to his hands.

Q. Have you a definite knowledge as to whether or not manufacturers in the textile industries are under the same necessity nowadays of sending abroad for highly skilled labor and for designers that they were before this school was established?—A. I should say from such knowledge as I have that the condition of things was very decidedly changed. Of course, a textile man could speak with more authority on that subject than the instructor, but I think it could hardly be gainsaid that the condition of American designs of the higher class had been decidedly modified by the influence of this school.

Q. What is your opinion as to the necessity or desirability of establishing more textile schools in this country? You have noticed, doubtless, that there is a tendency to increase the number.—A. It is a thing that can be very easily overdone. It represents very highly specialized effort, as you must see. The number of those who will profitably pursue and are in a position to apply the results of such highly

specialized training must remain comparatively limited, and, while I believe it fills a very important place indeed, I think it is a thing that can be very easily overdone. It does not, by any means, follow that it can be repeated successfully in every or even very numerous localities.

Q. The textile schools are very much more numerous abroad than they are here, are they not?—A. Well, not so very. There are only 2 textile schools in France that I know much about, the one at Amiens and the one at Lyons. They are mostly weaving schools. Those in Germany are very largely the same—weaving schools—schools not for designers, not for superintendents, but for communicating ideas or powers which are necessary to develop a high class of operative. Conducted in that way, largely as evening classes in a locality where they command or draw a clientele of operatives and workmen, I hardly think there is any danger of overdoing it; but the textile school that I had reference to being likely to be overdone is the one trying to do a work of practically a college grade and of a comprehensive kind. That, I think, can be easily overdone; I do not think there is any danger of overdoing the other. As I tried to explain, we have both, and I can conceive of one being almost indefinitely extended to the unquestioned and unlimited good of the community, and I can readily see where the day classes—what is practically a college course—might very soon reach the limit of usefulness. I would be very glad to see the night classes to which I have referred more than once multiplied indefinitely in every industrial community, and I would be glad to see a few schools to carry the work as far as possible for those who could profit by the practical college course; but I would like to see a few strong ones rather than a lot of weak ones.

Q. Such special schools as those would be confined to one or two branches of the textile industry, I suppose, or to a few branches, and would therefore have a comparatively limited equipment?—A. I do not quite understand what you refer to.

Q. Such small schools as you refer to.—A. Abroad?

Q. Abroad and such as you think might be indefinitely extended with benefit in this country?—A. Yes.

Q. They would have a comparatively small equipment and be limited to a particular class of production?—A. Yes.

Q. For instance, in a silk-manufacturing town machinery for woolen and linen weaving would not be set up, and no attention would be devoted to any particular industry, except the one for which they were specializing?—A. Not at all. Nor would such branches as chemistry and dyeing or carding and spinning of cotton or of worsted have any place; nor would the general questions of designing, form, and color. Such work would not be regarded in such a school, nor is it regarded in the schools abroad where weaving is the principal thing. There are a few schools abroad, great ones like the one at Crefeldt, where the work is more general, much like our own; where the work is as comprehensive, perhaps, as ours; but there are very few such schools.

Q. As this commission is authorized by law to make recommendations to the several States, we desire your opinion as an instructed and experienced expert in this matter of art teaching and textile education as to the States where textile industries are established and likely to stay, and what States should go further in this direction.—A. I can only repeat, with such emphasis as I can command, the statement I have just imperfectly made, that wherever a community has a distinct industrial character of a given type it seems to me it is the duty of the State to assist both the industry and the industrials by provisions for instruction which they can appreciate and apply and assimilate. But the pupils in that case are mainly men who are actually engaged in that industry, whose choice of a trade or profession is already made, whose life is in some sort identified with that kind of work; and it follows, of course that such instruction must be given at hours which do not interfere with their regular employment; and our main dependence must be on night schools until we are ready to adopt the Sunday school, as is done abroad. It is universally the rule, on the Continent at least, to supplement the night schools by the Sunday school. The professional school for the few masters who are training themselves for industrial professions in the same way that men are trained for the law or medicine is another matter, and is not a matter of local necessity in my humble opinion. The man who can choose his school, who is free to devote a few more years of his life to matters of instruction before his professional work begins, makes no such demand regarding location. He can go to another State quite as well as stay at home—probably better. So I do not think the question of locality has the same significance in connection with higher education as it undoubtedly has in connection with the education of the workman.

Q. If any of the States should see fit to make appropriations for the education

of a limited number of students who would pass a test established by your institution, would they be welcome here on the same terms as students appointed under the authority of the State of Pennsylvania?—A. Undoubtedly. We have a good many students now from other States. We have one from Japan.

Q. And backed by the Government?—A. I do not know about that; but in any case a person who came to us in that way—his position would be sure to be decidedly honorable.

Q. Have you anything further to say, Mr. Miller?—A. I do not know that I have anything else to say.

(Testimony closed.)

PHILADELPHIA, PA., December 19, 1900.

TESTIMONY OF MR. JOHN H. CONVERSE,

of the Baldwin Locomotive Works.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, at 10.10 a. m., Mr. John A. Converse appeared as a witness, and having duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. John H. Converse, Philadelphia.

Q. What is your occupation?—A. I am a member of the firm of Burnham, Williams & Co., which operates and controls the Baldwin Locomotive Works.

Q. That is a firm and not a corporation?—A. It is.

Q. Will you please give a brief description and history of the establishment and development of the business?—A. The works were founded in 1831. Mr. Baldwin was a manufacturing jeweler by trade and he had remarkable mechanical ability; so much so that when railroads began to be constructed and locomotives were imported from England, as they had to be in the first instance, Mr. Baldwin was one of the most competent men to handle locomotives. He probably got his first impulse to build locomotives from being employed to put together a locomotive which had been imported from England for the New Castle and Frenchtown Railroad. That was a railroad across the peninsula and part of the road from Philadelphia to Washington in those days.

Mr. Baldwin built his first locomotive in 1831-32 for the Germantown Railroad of this city. The industry has grown out of that circumstance. The growth has been constant and steady, until to-day the works are the largest locomotive works in the world. The capacity, as will be shown by the output this year, is equal to 1,200 locomotives a year, or practically 4 locomotives for each working day.

Q. How many are employed and how much capital, and what is the value of the output?—A. We have at this time about 9,000 hands. I should estimate the capital employed at not less than \$10,000,000.

Q. What is about the value of the output?—A. The output for this year is 1,200 locomotives.

Q. And the value of them?—A. Between 16 and 17 millions of dollars.

Q. Do you manufacture anything else but locomotives?—A. Nothing but locomotives and parts of locomotives.

Q. How many sizes or different kinds of machinery do you produce?—A. The number is infinite. It is impossible to give a definite number, and the reason is that conditions change so almost from year to year that a size and type of locomotive which was in the market 10 years ago is now perhaps obsolete.

Q. Do you generally manufacture on orders or for stock?—A. Almost entirely on orders.

Q. Most of your orders come unsolicited, or do you employ traveling salesmen?—A. We have agencies all over the world.

Q. And therefore your machines are marketed all over the world?—A. Yes.

Q. Where is your principal market?—A. The United States.

Q. You sell to all the railroads of the United States?—A. No; no one concern would ever do that. We sell to a very large number of them.

Q. Do many of them manufacture their own locomotives?—A. No; only a few railroads attempt to manufacture their own locomotives.

Q. Was that the case in former years?—A. There was nothing of that kind done in former years. At the beginning of railroad development no railroad company attempted to manufacture its own locomotives.

Q. Was there not a period when many companies did attempt to do it, or did it on a small scale?—A. No; the attempt has never been very general.

Q. You do repair work as well as manufacture?—A. Yes.

Q. (By Mr. FARQUHAR). While some of the railroads are not direct manufacturers of engines or locomotives, are there no locomotive building concerns in this country that the railroad either through the directory or managers or officers have an interest in?—A. I do not know of my own knowledge of anything of that kind.

Q. Do you think it is possible, as a matter of economy in building locomotives, that railroads could have their own machine shops and entail probably a heavy expenditure in capital for anything beyond repairing?—A. It is absolutely impossible for any railroad company to build its locomotives as cheaply as can be done in a works devoted exclusively to that special industry.

Q. (By Mr. CLARKE.) We shall be glad to have you tell us about your foreign trade, the growth of it, the conditions, etc.—A. The foreign trade in locomotives has been a growth of the last 40 years. At first it was confined chiefly to Cuba and South America. Of late years and chiefly within the past 25 years it has extended to the Eastern Hemisphere, and the growth has been very great in that direction within the past 10 years; so that now American locomotives have been sent to a greater or less extent to almost every country in the world where railroads are in operation. Within the past 3 years we have built locomotives for railways in England and France and southern Germany. These countries have been large locomotive producers in the past and have been our competitors for foreign trade in South America, so that it is rather a remarkable development that industrial conditions in the United States should have changed so that we were able to build locomotives for their own countries.

Q. How are you enabled to sell there, by making a lower price for a similar locomotive or on account of some superiority of your machines?—A. Well, I think that there have been three reasons for the introduction of our locomotives in Europe: First, the possibility of much earlier deliveries than any European works could make. Our large capacity and facilities have made it possible for us to fill a large order in a very short time. Second, to some extent the preference for American locomotives, as to their type and size and details. And third, the question of price. Owing to the design and character of American locomotives, they can be and have been constructed at a less cost per unit of weight than the ordinary European locomotives.

Q. How do the wages which you pay compare with the wages in European locomotive works?—A. They are considerably higher.

Q. How is it then that you can produce at a less cost?—A. Well, I think there are two reasons for that. In the first place the character of our American workmen, their disposition to be industrious, and their intelligence in their work; and second, the much larger use of machine tools and improved machinery in this country than abroad.

Q. Does the fact that you have a very large home market strengthen you for going abroad and seeking business?—A. Certainly.

Q. Are the locomotives in use here now of the latest types, substantially what you also send abroad?—A. They are the same in type, but the American locomotives to-day average much heavier and more powerful than is the case in European practice.

Q. Won't you briefly describe the evolution of the locomotive in respect to size, weight, and speed?—A. At the beginning of railroad operations in the United States the locomotive was a machine with a single pair of driving wheels, and the aggregate weight was probably not over from 12 to 16 tons. The first change was the addition of the second pair of driving wheels and the coupling of them together, and the equalization, as we call it, of the driving wheels, which was an American device. Then the next change was in coupling 6 and 8 driving wheels together, and the increase in the weight of locomotives from 20 to 25 tons. That change occurred about from 1840 to 1850. In the next two decades, from 1850 to 1870, nearly all the existing types of locomotives were brought out, and there was some increase in weight. About 1870 the standard American locomotives were about 40 tons in weight for an ordinary freight locomotive and about 35 tons for the passenger locomotive. The development has been very great within the past decade, and now freight locomotives of 100 tons and passenger locomotives of from 70 to 80 tons are the rule. All these weights that I have given are for the locomotive proper and exclusive of the weight of the tender.

Q. Has the weight of the tender increased also?—A. The weight of the tender has proportionately increased, so that whilst 40 years ago a 2,000 gallon tender was considered to be a very liberal size, we have before us to-day for construction tenders of 7,500 gallons capacity.

Q. How far can such a locomotive run without taking a fresh supply of water?—

A. In freight service probably 40 to 50 miles. In passenger service somewhat farther, perhaps 75 to 100 miles, of course varying with the weight of the train and the speed and conditions of operation.

Q. How about the increase in the speed of the locomotive?—A. The increase in speed has been one of the most remarkable developments of recent years. I can remember when the technical papers gravely discussed the question whether the speed of a mile a minute had really ever been made on any American railroad, and there were those who maintained that such a story was only a myth. To-day there are trains running in the United States scheduled at a rate which means a speed of anywhere from 70 to 80 miles an hour.

Q. And they actually run on that schedule, do they?—A. They actually run on that schedule, and they do it every day. Some of the fastest time made in the world is made between Philadelphia and Atlantic City. The Pennsylvania Railroad and the Reading Railroad both have their lines from Philadelphia to Atlantic City, and they have summer trains which are scheduled to make the distance from Philadelphia to Atlantic City in 60 minutes. The distance is from 55 to 59 miles, and out of the 60 minutes they have to take the ferry from Philadelphia to Camden, so that it is a record that passenger trains are run every day in the summer season from Camden to Atlantic City, a distance of 55 to 59 miles, in from 45 to 60 minutes.

Q. Has there been a close relation between the development of the locomotive and the introduction of steel rails of increasing weight, and also iron and steel bridges?—A. Yes. All those elements of the problem have been found together. The introduction of steel for rails in place of iron has made possible heavier locomotives, and then the gradual increase in the weight of steel rails until to-day steel rails weighing 100 pounds to the yard are being used, whereas 40 years ago a large part of the mileage of American railroads was laid with rails weighing less than 60 pounds to the yard, and generally of iron. Cars have been increased in weight and capacity. Thirty or 40 years ago a car weighing 10 tons was loaded with 10 tons of freight, and a heavier load than that was discouraged. In fact double rates were charged on loading in excess of a certain amount, which I believe was 12 tons, and to-day, as this commission knows very well, cars are being built to carry 100,000 pounds, or 50 net tons.

Q. Are these cars usually built of steel?—A. I understand that steel cars are being more largely built than ever and are now perhaps an established practice.

Q. What has been the effect of this increase in the size and speed of the locomotive, and in the substitution of steel for iron, and the increase in the weight of rails, and in the improvement of bridges upon the cost of transportation?—A. It has very largely reduced the cost of transportation.

Q. What has been the effect of it upon the cost of operating the roads?—A. It has reduced the cost of operating the roads, and to that fact is due the decrease in the cost of transportation, I suppose.

Q. Are you able to state the relative cost of production of one of your highest type model locomotives to that of one of the earlier patterns, such as were in use say 25 or 30 years ago?—A. We have probably more than doubled the weight of locomotives in 25 or 30 years and at the same time have made most important improvements in the quality of material, but have done it with an increase in the price of not more than 40 or 50 per cent. The changes in the material have been the adoption of steel for boilers instead of iron; of thicker boilers and stronger boilers, made in a much more expensive and elaborate way, so as to be capable of carrying a steam pressure of 200 pounds to the square inch, whereas 30 or 40 years ago 100 pounds was the ordinary pressure. More parts are made of steel about the locomotive than formerly; engine frames are made of steel; the tanks are made of steel; the cabs are made of steel, where they were formerly of wood. All the wheels under a locomotive and tender are steel tired, where formerly both the tender and engine wheels were cast iron.

Q. Has this substitution been made possible by great improvements in the production of steel?—A. Yes.

Q. The strength and wearing quality of steel used in locomotives is much greater than that of iron, is it not?—A. Yes.

Q. Is the cost of it to-day greater per ton than that of iron 25 or 30 years ago?—A. On the contrary, it is very much cheaper.

Q. Are these changes which you have described peculiar to your works, or are they common to all locomotive works all over the world?—A. They are common to all locomotive works in America.

Q. (By Mr. FARQUHAR.) Why did you make that qualification—in America?—A. Because in Europe they have not been forced to make the changes, or have not been led to make the changes, which we have in this country. Their practice

has been more firmly established there, and they have adhered to their original standards to a greater extent than we have. Our American railroad system, as you know, was built up largely on bond issues, and had to be developed under conditions of the greatest economy—light rails, wooden bridges, cheap structures—cheap locomotives and cars had to be used in order to make it possible to build the railroads that we have stretched across our Western territories; but with the growth of the country and the strengthening of these great railroad lines the railroads have been rebuilt, and heavier rails and better bridges and better equipment have been substituted. The locomotive and car manufacturers simply reflect the development of the country, of its interests, and have adapted themselves to that development.

Q. In selling your locomotives to foreign countries are they subject to duties anywhere?—A. Yes; very heavy duties in some cases.

Q. How do these foreign duties affect the price?—A. In many countries the duties are intended to be protective and are protective. In Russia, for example, the duties on locomotives are, I think, about 4 cents a pound. That is intended to protect Russian manufacturers and is effective for that purpose. Nevertheless, Russia has ordered a great many locomotives from our works.

Q. Have you any contracts with the trans-Siberian now?—A. We have completed our contracts with the trans-Siberian, and have built for that line within the past 4 or 5 years about 150 locomotives.

Q. Was that contract with the Russian Government?—A. Yes.

Q. Was there no abatement at all of the tariff rates in that contract?—A. We do not touch the tariff in cases like that. We deliver on board steamer at a Russian port.

Q. And they make their own importation charges?—A. And they make their own importation charges; and as most of these lines are Government lines, you understand how the tariff takes care of itself.

Q. (By Mr. CLARKE.) How about countries where contracts are not with the government, but with railroad corporations?—A. Well, in almost every country outside of the United States the railroad system is largely a government system, so that we don't encounter that question.

Q. Is that so in the South American countries?—A. Yes; very largely.

Q. (By Mr. FARQUHAR.) How is it in Australia and New Zealand?—A. It is so in Australia and New Zealand.

Q. And South Africa?—A. Yes.

Q. (By Mr. CLARKE.) Do you have to import any material that enters into your locomotives?—A. No; not as a rule; not for locomotives constructed for American railways; but in the case of locomotives constructed for foreign railways a preference is sometimes expressed for certain appliances or parts of foreign manufacture. We then have to import those parts, and they are then exported subject to the drawback provided for in our tariff laws.

Q. Do you manufacture your own steel?—A. No.

Q. Do you manufacture your boiler tubes?—A. No.

Q. Are you buying many parts of your locomotives already manufactured, ready to be placed in position?—A. No, not any. We work from the raw material, what you might call the raw material of manufacture; that is, we buy pig iron, steel plates, steel billets, boiler tubes, and make the parts from those. The only finished parts that we buy are appliances such as steam gauges, injectors, and steel tires, steel-tired wheels. All those items are manufactured by themselves.

Q. Are many parts of your locomotives protected by patents?—A. No important part except one. We have brought out within the past 10 years a plan of compound locomotive, invented by one of the partners of the works, Mr. Vauclain. That is very largely used both in America and all over the world, but apart from that there are now no patents covering any important features of locomotives.

Q. Are any of your machinery or machine tools patented?—A. Yes. We find in our experience that tools can be designed and constructed to perform certain processes more economically than existing tools, and in such cases we have such tools made, and sometimes there are parts of them that are protected by patents.

Q. Do competing works avail of your improvements under contract with you?—A. We have never declined to sell the right of use of any of our patents on what we considered very reasonable terms.

Q. When you get orders for your locomotives are they usually competitive?—A. Most of the business is competitive business in the United States. There are about 10 large locomotive works, and any immediate order from the railroads is generally placed after competition amongst some or all of the different works.

Q. What generally determines the placing of the order, the price or quality, or some peculiar construction?—A. Price, quality, time of delivery, and the financial question all are elements of the problem.

Q. Do any of our own laws embarrass you in any way in either your manufacturing or in your export trade?—A. No, I do not know of any features in the laws which are any embarrassment.

Q. What is the present condition of the business compared with, say, from 1893 to 1897?—A. It is very much more prosperous to-day than it was at any time between 1893 and 1897.

Q. To what cause do you attribute that improvement in the condition?—A. To the general prosperity of the country and the large demand for our crops abroad, and the immense development of railroad transportation, and the sound financial condition in which the country has been placed within the past few years, and, to some extent, to the favorable legislation. I mean by that the feature of being able to import foreign-made articles for locomotive manufacture and to secure a drawback on them when they are sent out of the country again. That is not a very important item, but still it is an aid in building up foreign business. That one item might mean a difference of 4 or 5 per cent, perhaps, in the price of a locomotive, and that sometimes in close competition would secure business. That difference would secure business which would otherwise be lost.

Q. Are any locomotives of foreign manufacture now imported into this country?—A. No, never.

Q. How long since they ceased to be imported?—A. I only know of 1 foreign locomotive imported into this country in the last quarter of a century, and that was a specimen locomotive ordered in England by the Pennsylvania Railroad Company for the purpose of serving as a pattern of a new type and of English workmanship.

Q. (By Mr. KENNEDY. You say that the laws of Russia were made to protect the Russian industry and that they were effective for that purpose, and stated that you sent large orders of engines to the Russian Government. Why is the Russian Government forced to patronize your works? Is it because of lack of facilities on their part, or superior excellence in your product?—A. The lack of facilities on their part. The policy of Russia is to build up its own manufactures, and they will not order locomotives abroad if their own home works can meet their demands, but their capacity is not large enough in such cases as the construction of the trans-Siberian railway, for example. When an immense enterprise like that is added to the ordinary requirements of the Russian railways they can not get the locomotives that they require from their home works, and therefore have to order abroad.

Q. Are the gauges uniform in all these countries to which you send locomotives?—A. No; they vary. The Russian gauge is 5 feet.

Q. Nearly all of them broad gauge?—A. All the Russian lines are as a rule 5 feet, with the exception of a few short lines of narrow gauge.

Q. Has there been any effort to combine in one corporation all these locomotive works of the United States?—A. Yes.

Q. With what success?—A. Without any success so far.

Q. Can you state why the efforts have been unsuccessful?—A. Because they could not get all the locomotive works to agree to a combination.

Q. Were many of them favorable to a combination?—A. Some of them were favorable to a combination.

Q. Were you favorable to it?—A. No.

Q. Do you believe if they were all under one management locomotives could be more cheaply produced?—A. No.

Q. (By Mr. FARQUHAR.) You employ very much all the time expert machinists?—A. Yes.

Q. To see to your locomotives when they go to foreign countries and also to procure orders?—A. Well, to erect our locomotives when they go abroad. The orders are procured by a different class of men.

Q. Would you care to state who they are? Are they regular traveling men of your own?—A. No. Our foreign orders are generally procured through foreign agents who are business men in their respective countries.

Q. Not in London altogether, but elsewhere—like Berlin, Prussia, etc.?—A. We have a general agency in London, and we have agencies in Norway, Sweden, Russia, China, Japan, southern Germany; and we cover most of those countries by our general European agencies.

Q. Would you care to state the terms usually concluded between you and the contracting parties there in foreign countries as to payments?—A. Generally the larger part of the price of a locomotive is paid on the completion of the contract, with a small percentage retained as a guaranty against defects for perhaps a year.

Q. The terms are not onerous, however?—A. No.

Q. Have you any acquaintance with what other American companies supplied in the way of equipments, etc., for the Russian eastern Asian roads?—A. No, I have not.

Q. You have no knowledge of the car building or other features that were supplied?—A. No.

Q. Are your locomotives run to any number in South Africa?—A. Our business in South Africa has not been very large, but we have locomotives on the Uganda Railway and on the railway in Cape Colony, and also on the Sudan Railway.

Q. You have furnished quite a number of locomotives for the Egyptian roads?—A. Yes.

Q. Do you think that the proposed reciprocity treaties that this country is now engaged in effecting with foreign countries would be any advantage to your business?—A. Yes; I should think they would.

Q. Have nearly all commercial treaties always carried machinery and locomotives in the agreement between nations?—A. I believe so. I think that is the case with the proposed treaty with France.

Q. What nations principally compete with you in the markets of the world?—A. England and Germany.

Q. Is there any other European country at all that is able to make contracts beyond either of these three nations?—A. Yes; France and Belgium.

Q. Are foreign locomotives very much the same in frame and form and efficiency as the American locomotive, or are they somewhat different in all appliances?—A. The locomotives have been growing more and more alike in American and foreign practice. The principal distinction between American and foreign locomotives to-day is the use in America of the bar frame, as contrasted with the plate frame, which is a feature of European practice. In American practice, also, locomotives are invariably built with outside cylinders. In European practice they still use inside cylinders and crank axles very largely. Those two details, the frames and the inside cylinders, are now the most radical differences between American and European locomotives.

Q. In the 100-ton locomotive do you think that you have reached about the weight that the roads will stand, and bridges, and the economy of hauling cars?—A. I should think so, but I am quite liable to be mistaken. We may see new developments in the next 20 years.

Q. (By Mr. LITCHMAN.) Have you experimented at all along the line of the application of electricity?—A. Yes. We build electric locomotives. We build locomotives to be operated by steam, electricity, and by compressed air. The demand, however, for locomotives to be operated by electricity and compressed air has thus far been limited to small machines, chiefly for mining or other local work.

Q. The industry in that direction is not yet sufficiently developed to give an expression of opinion as to the possibilities of the future?—A. No; it is not yet, and the developments thus far have not indicated the probability of electricity superseding steam for regular railroad work.

Q. Now, do you have a market in foreign countries for locomotives substantially the same in type as you sell in the United States?—A. Yes.

Q. What is the comparative price of that same locomotive when sold to a foreign customer and the United States?—A. The same.

A. You make no reduction then in the price of locomotives as a means of securing trade?—A. No; the basis of price is the same in either case. Of course the foreign locomotive costs a great deal more because it has to be built and then entirely dismantled, all the parts protected, placed in boxes, and put on board the steamer, freight paid, and insurance paid, and loading and unloading charges, and mechanics sent sometimes thousands of miles to take charge of the erection and try the engines; but the original basis of price is substantially the same.

Q. Yet, notwithstanding all these disadvantages, you are able to compete in the markets of the world with foreign manufacturers and excel them—take the trade?—A. We are able to compete with them.

Q. I mean excel in the sense that you get the orders.—A. Yes.

Q. Would you object to giving the arrangement of wages paid in your factory from minimum to maximum?—A. It would be impossible for me to give you those figures, because the most of our work is piecework, and that may vary every week.

Q. Now, is there a tariff on the manufactured locomotive when imported into this country?—A. Yes; I believe so.

Q. Can you state the amount?—A. No; I do not know.

Q. Is it sufficient to debar importation?—A. It is unnecessary. It is sufficient to debar importation.

Q. But the principal obstacle is the superior skill of American mechanics, and the American process of production?—A. And the preference for the American type of engine.

Q. You think, then, that the tariff on the finished locomotive enters very little into the matter?—A. Very little.

Q. And yet it is sufficient if they should attempt to capture the American market to be considerable of a barrier?—A. Yes.

Q. (By Mr. TOMPKINS.) What proportion of your business is export business?—A. Ordinarily from one-quarter to one-third of it.

Q. Is any of that contingent upon credits abroad to any extent?—A. No. Our foreign business is not done on credit, if that is what you mean. Bank credits have to be furnished in some cases.

Q. I mean giving time.—A. No; our business is not done that way. It is not like the selling of ordinary goods by merchants on long credits.

Q. Do you take to any extent securities of foreign corporations?—A. No.

Q. Do you in any instances negotiate securities of foreign corporations in this country as part of your foreign pay?—A. No.

Q. The furnishing of American capital, then, is not done to any extent to extend your trade?—A. No.

Q. Either by yourselves or capitalists in this country?—A. No.

Q. Are not quite a number of English and German locomotives furnished on the basis of taking part of the pay in securities?—A. I presume so, but I do not know of my own knowledge.

Q. You do not know the extent to which that might be a factor in extending your business to equalize the conditions upon which they trade, or if they should require the cash as you do?—A. No; I can not say as to the extent, but there is no doubt but what it would help the extension of our business.

Q. Would foreign locomotives be imported into this country if we had no tariff on locomotives at all?—A. I do not think they would.

Q. (By Mr. CLARKE.) While the duty of 1½ cents a pound on locomotives may not be necessary to protect your industry at the present time, is the tariff as a factor of general protection necessarily confined to a single industry in order to secure the prosperity of that industry?—A. No. The general effect of the protection of other American industries results in the protection and maintenance of our special industry.

Q. Do you think of any further statement you care to make yourself?—A. No, I do not.

(Testimony closed.)

PHILADELPHIA, PA., December 18, 1900.

TESTIMONY OF WILLIAM G. STEEL,

Manufacturer of worsted and woolen goods.

The subcommission met at the Manufacturers' Club at 10.10 a. m., Mr. Clarke presiding. At 11.25 a. m. Mr. William G. Steel, of Philadelphia, a manufacturer of worsted and woolen goods, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you please give your name, post-office address, and occupation?—A. William G. Steel, 24 Bank street, Philadelphia; and my occupation at present is handling worsted and woolen goods for men's wear.

Q. Do you manufacture?—A. That is our principal business at present. We are mill owners, and we carry on the manufacture of this class of goods that I speak of. In fact, our business now is almost wholly confined to our own production of goods.

Q. How long have you been engaged in the manufacture in this country?—A. Since 1892.

Q. Were you engaged in it in any other country previous to that time?—A. Yes; in England. I went over there for that purpose. I am an American—born in this city.

Q. How long did you manufacture in England?—A. About 8 years.

Q. Were most of your English-made goods exported?—A. With very few exceptions they were sent to this country.

Q. What induced you to give up the manufacture there and establish it in this country?—A. The change in the tariff. The increased duties on imported goods

compelled us to abandon our operations over there and transfer them back to this country.

Q. Did you bring over any of your machinery or your help?—A. Brought a large portion of the machinery which was operated for our account over there. We brought none of the help. Some few of them followed us and came over here and got employment after we were established, or partially established.

Q. Please go on in your own way and relate the advantages of the change which you made, if any.—A. If it is agreeable to the commission, I would like to begin at the beginning; I can make it a little more intelligible to you. Previous to 1884 we were importers of foreign goods, and we handled largely goods made of American manufacture. That was by far the larger part of our business—goods made by American mills. We used to make contracts with those mills for certain lines of their product, sometimes for the whole product of their mill, and have the exclusive control of them. The proposed changes of the tariff in 1883, I think it was, were made under the operation of the commission that traveled through the country taking evidence. That took so much time that people engaged in the business were forewarned of what was going to take place, and I immediately watched the proceedings very closely as related to the goods that we were handling. As I say, we were importers of foreign goods, and we knew the relative cost of laying those down compared with the products of American mills that we handled. That change was not a very heavy change, but it was so great as to entirely destroy our business in American woollens. After that tariff went into effect we never ordered one piece of American woollens. As we had been importers, we knew the localities to obtain such goods as we used from American mills, and I went over with that purpose in view. It resulted in our building up quite a large business in foreign goods to take the place entirely of the American goods we had been using. We never ordered another piece of American goods after that time; the whole business was in foreign markets. We continued that operation until there was a change the other way in the tariff, which entirely blocked our operations over there; and then I made a purchase of machinery and transferred it to this country, and located it in Bristol, Pa., where we still run it. A few of the hands that had been employed by us followed us over here, particularly weavers. Quite a portion of the hands that we employed were minors; of course, they could not come without their parents, so we had practically to open a school in our mill to teach that class of labor. And we have since carried on our business, only interrupted by the change to low tariff again. Owning mills here, we could not very easily transfer them back to England, although under that tariff we could have done better by so doing.

Q. Do you refer now to the Wilson tariff?—A. Yes.

Q. How did that affect your business?—A. It compelled us to stop our mills for a while and to discharge our employees. We could not compete with the importation of the class of goods we made.

Q. Was that on account of its reduction of the duties on piece goods?—A. Yes; entirely.

Q. You were speaking of the class of persons largely employed in your works in England. How would that class compare with the class you employ here as to age and capability?—A. The age is about the same. I think the capability of the English work people in the textile trade, in my branch of it, is superior to that of the American. That is owing largely though to the more rigorous conditions under which they work over there. They are not so independent as our people. In fact, there is a surplus of good labor over there and the employers can be more exacting and compel them to perform their work carefully and properly. Here that is scarcely possible.

Q. How do the wages compare?—A. The wages are much higher here than there. I will give you an instance showing that in one department of the business—that is, the weaving department; the weavers over there as a rule are highly skilled weavers; they can only get work as learners unless they are well skilled and capable; I just speak of this one instance, although it is a good comparison of the great number of workers—there was one woman—and the weavers in England are mostly women; here they are largely men. This woman was a very good weaver, but the highest wages that I remember of her making were about \$5 a week. She came to our mill and she worked on the same loom and on the same class of goods precisely—not made out of the same wools, but the character of the goods was similar—and she made \$14 in our mill; and we have people now—men—that earn as high as \$18 a week; but I never knew of a man weaver over there making over \$7.50.

Q. Have you looked up the comparative expense of living so as to be able to make a comparative statement of the real wages?—A. To a certain extent. I was

quite familiar with many of those work people. One thing about them, they retain their places. They seem to be contented if they are making a living, and they are pretty sure of retaining their places. I took an interest in some of them and they were really an excellent class of people, good type of English work people. My conclusions were that the cost of living is something lower there, generally, but among work people it is almost as high as it is here. The prices of food, if anything, are higher there than they are here, which is an essential factor in the cost of living. As I lived over there and kept house, that was a question I looked into somewhat. The only article that I ever discovered over there that was cheaper than in this country was potatoes. That in some sections is a very important article of diet. But they live fairly well over there; they do not consume a great deal of meat; their food is more of the character of cereals—bread, and things of that kind. Over there, instead of living in houses as they do here, they live in rooms. We have work people in our town living in houses by themselves that have all the necessary conveniences, such as bathroom, heater, and gas. The houses over there have gas in to a large extent, but it is very rarely that any of them have bathrooms. I do not think in any instance heaters are much used, although they are economical in household expense. They depend almost entirely on open fires and live largely out of doors. I have come to conclusions about the working people in this way. I believe that the labor feature enters into your investigation, the contract law?

Q. Certainly.—A. I believe the labor contract law is a great injury to this country for the reason that it prevents employers from making engagements on that side. We get work people and bring them here in order to get their high skill and also for the advantage in getting thoroughly educated work people to carry on the principal operations in the mill. I speak, of course, with regard to my own occupation. In England the best work people are well contented; they are a good class of people, and their lives are simple, and their amusements are simple and promotive of a better class of people. That is a great inducement to a man to hold them. And besides that, people who are making a living, particularly if they have families, are not inclined to take the risk of going abroad to get work. The consequence is that that class of people remain there, and there is always a surplus of them; whilst the other class, the more worthless, or probably the worthless, come largely to this country, and they are, in my opinion, the cause of a great many of the strikes that take place. That class of people come from foreign countries, and although they are better off here, they are a discontented class. Speaking of my own experience entirely, if we could have brought from England a number, say, 25 or 30 capable mill people, we could have started our operations here much more quickly and better and could also have used those people in teaching others.

Q. (By Mr. KENNEDY.) Was there any impediment in the way of those people coming here if they had wanted to come?—A. No, if they had wanted to come voluntarily, there was not. In order to get those people, as we could not engage them over there, we advertised in the Yorkshire papers, giving a description of the town, the wages, and the cost of living, and never had an application from a single person to come here. I could have gone to Bradford, where my works were located, and employed enough to run our mills, if I could have made the contract there. But, as I said before, they will not take the risk of going to an unknown locality.

Q. Do not tens of thousands take the risk every year and get employment?—A. Yes, I think they do; but I qualify that by saying that the best class, which is the most desirable for us, have not.

Q. (By Mr. FARQUHAR.) Where were your mills located in England?—A. At Bradford, in Yorkshire, England.

Q. You, in common with many witnesses, make a remarkable statement with respect to the difference between the British and American wages. Now, there must be a reason why you can pay twice and twice and a half the wages that are paid in foreign countries—that is, we will say Germany and England—and yet compete in the world's markets with them, when labor enters so much into your product. You must have economies somewhere. You claim that British workmen were better prepared and better workmen than American?—A. They were better skilled because they were required, probably, to perform better service, to do their work better; but we can not compete in the markets of the world. We are confined in our operations, and I think practically all woolen manufacturers or worsted manufacturers are confined to our own market. And the tariff is what enables the work people to command these higher wages. They demand them; they compel us to pay them. They get the benefit of the higher pay.

Q. (By Mr. LITCHMAN.) Could you not compete in the markets of the world unless the rate of wages was lower?—A. We could not; no.

Q. Is it not an advantage to the American people, American labor, to reduce the scale of wages to the foreign level?—A. No, we can not do that. I think the purchasing power of the people in this country, owing to the higher wages, is one great cause of the prosperity of the country. The work people, the common class of people in Europe, have no purchasing power practically. They confine themselves per force entirely to necessities—mostly food. Their clothing—while it is good enough—they make last a long time, and they do not consume much in the way of anything but food and shelter.

Q. (By Mr. FARQUHAR.) What is the difference in the retail price to the consumer of underwear, for instance, in Great Britain and here; that is, quality for quality?—A. My impression is that the profits of retailers in Great Britain are larger than they are in this country; and whilst there is some difference in the way of a lower price there, I do not think it is very extensive, very heavy. In the article of underwear I could hardly say.

Q. Can you name any class of goods that you manufactured there and give us the comparative prices—that is, the price to the consumer in Great Britain and the price to the American consumer; anything of general consumption?—A. I think the prices of goods that we manufactured or that we handled were considerably higher in this country than there. The raw material carries a duty, and, of course, there are the higher wages and the greater expense generally attendant upon carrying on the mill. The general expenses, cost of plant and all that, are much higher here than they are there, which is the cause of our having to demand higher prices.

Q. Is the higher price here in comparison with the British consumers' price, the British price plus the tariff, or is it more?—A. It is not always equal to the addition of the tariff. There are many goods of the commoner class that are well protected by the weight duty, the specific duty. Those goods, because of the competition among American manufacturers and the requiring of a lower class of skill, are below the addition of the tariff to the cost of making here.

Q. Given the proposition that the tariff shuts out the foreign importations, what is your competition in this country? Is it close? Is it severe?—A. It is among our own people.

Q. What are your average dividends in fairly good years in your business?—A. If we can clear 5 per cent, we think we have done very well. We make a great many goods that we have to sell for less than cost. There are methods of conducting business in this country that are unknown to other countries and not permitted there. The principal difficulty that I see in our business is that the orders that we take for goods to be made are not much more than a memorandum; they are not binding on the person. That has got to be a custom of the trade, and when the goods are ready to deliver, if they do not want them, they do not take them. They wire me and say: Cancel my order of such and such a date. And that is so generally permitted by the trade that we have to submit to it. The consequence is that goods are piled up on our hands that we have to dispose of at the best price we can get.

You asked me something about the price of goods on the other side—I just think now of clothing. There is no country in the world that I know of, no civilized country, where the ready-made clothing business has developed to such an extent as it has in this country, nor where the garments are so well made, not only in point of workmanship but style and the general character of the garment. Those goods are sold to consumers, I think, quite as cheaply as the production of the ordinary class of tailors in England. Germany I do not know so much about; I never bought any clothing there, but I presume about the same conditions prevail.

Q. With the tariff on wool, with the tariff on machinery, with double the wages in this country, yet you say ready-made clothing is sold at equal prices over here. How do you account for it as a business proposition?—A. I think it is largely owing to the extent of the business, the magnitude of the manufacture of clothing in this country, the methods that are carried on by clothing manufacturers to obtain their work cheaply. That is the principal feature of it; and then the profits, I think, are comparatively light. Some of these clothiers do an immense business. I know in buying men's wear in a town like Bradford they would have to depend almost entirely on the ordinary tailors and have to pay regular tailors' prices, which are much higher than readymade.

Q. Is there much more consumption of clothing through fashion and changes of goods in this country than there is in England?—A. Yes; much greater in this country.

Q. What do they usually wear there—homespun or corduroy or what?—A. The corduroys are worn principally by what they call navvies over there—that is, railroad laborers and people of that kind. The general wear is woollens ordi-

narly; woolens largely composed, though, of substitutes for pure wool, what is called shoddy and things of that kind. The manufacture of textiles, in England particularly, is confined to certain districts. Each class of goods will be made in a district by itself, and there is over there what they call the mungo or shoddy district. I never heard the word "shoddy" used over there; it is called "mungo." The cotton goods are principally produced in Lancashire, Manchester, and the heavy woolens, made out of what are called the woolen processes, are made in Huddersfield and Leeds, while Bradford is the principal producing point for what is called stuff goods; that is, women's dress goods. I should think nine-tenths of the business of Bradford was the production of women's wear. There is also a district called the mungo district, where it is almost entirely shoddy, large mills—some of them, I think, a thousand looms—making this.

Q. (By Mr. CLARKE.) When you say shoddy you mean wool extracts?—A. Yes; substitutes. I do not mean to say that they do not make some very good goods out of them. I have understood that in Germany, where they make the finest broadcloths, they can not give them the proper finish without the use of a certain proportion of what they call mungo. It gives a higher luster, a higher finish to the goods. They are very highly skilled in the producing of yarns made from such materials.

Q. (By Mr. LITCHMAN.) In your experience as an importer, going back to the beginning of your story, in 1883 or 1884, you imported directly from foreign manufacturers?—A. Very rarely. We did from German manufacturers occasionally, but very rarely from English manufacturers.

Q. What was the process of importation from England?—A. We had to place orders with what are called commission houses; but instead of charging the commission to the manufacturer for selling, they charged the buyer the commission.

Q. Were your importations on bills of lading or on what are called omnibus invoices?—A. They were on invoices. We were well known as buyers over there and were all on open account. I do not think we ever had a case where we were drawn on with a bill of lading.

Q. Do you know what is the custom now on importations from Germany, as far as importations get in, or what was the custom under the Wilson tariff?—A. In what respect, may I ask?

Q. I mean whether the importation was direct by the American purchaser, or whether it had to be through a commission agent of the manufacturer located on this side.—A. I think in German goods it was largely through agents on this side, houses located on this side to take the orders.

Q. What is your experience in relation to the effect of the Wilson tariff, with its ad valorem duties, on the prices of goods that were nominally imported?—A. I think the Wilson tariff opened the door to large undervaluations.

Q. Now, was that or was it not due to the fact that no price was named in the invoice and the price was fixed by the commission agent on this side?—A. That I could not testify to, because I have no knowledge practically.

Q. You did not import at that time?—A. We did, but we always had invoices with a fixed price.

Q. You do not know, then, of your own knowledge whether there was any experience of that kind in the importation of goods where the duty was ad valorem?—A. No.

Q. The point being that the value was fixed either by appraisal at the custom-house or by representation of the agent on this side.—A. I think that the practice of undervaluation by German manufacturers or exporters was general. I judge that from my experience in early boyhood.

Q. And you think that is a feature of ad valorem duties, but necessarily it is impossible on specific duties?—A. Yes, I could give you instances, if you want to go into it that far, where the thing occurred to ourselves. We knew of a make of German goods that was similar to goods that we sold largely, and they were sold by a New York commission house. We knew the manufacturer and wrote to him direct, saying that we could sell his goods largely if we could get them at the price at which he supplied his agent on these particular goods. He said he would sell them to us in that way and named a price. We made a calculation and found that we could buy them as cheaply of his agent in New York as we could import them. I then wrote to him asking him to give us a sketch, a *pro forma* invoice showing how we could handle the goods on the conditions he agreed to. He started with a sketch, so many bales, so many pieces, so much per piece, and in the next line was the usual custom-house valuation, 10 per cent less. That disposed of the thing. [Laughter.] When the tariff duty is 50 per cent, 10 per cent undervaluation is 5 per cent profit, so much clear. I believe that the specific duty is a large element of protection to-day to the American manufacturer. I

think, if you will allow me to go into that, that one of the reasons why these undervaluations were successful was because the administrative law connected with the tariff had never been really enforced. I have never known an instance where the elements of cost were demanded by the Board of General Appraisers. There may have been some, but I have never known them.

Q. (By Mr. CLARKE.) Is the specific duty also a protection to the Treasury?—A. I think largely it is a protection to the manufacturer and a protection to the Treasury—that is, where the correct and honest duties are collected.

Q. (By Mr. LITCHMAN.) Are you not aware of the plan in effect under the government of ascertaining the cost of manufacture at the place of production?—A. I know that they have special agents and I have known some of them, but I do not believe those men can get as accurately at the cost of manufacture as the man who makes the goods. I think that that is the place to go. [Laughter.]

Q. How far is the information obtained by consular agents reliable?—A. To some extent the consular agents, where they are business men—and at the time I was in Bradford they had an excellent consul there, Mr. Grinnell, who had been a business man and was an expert on the judgment of goods—in cases such as that I think the consul is a great help in protecting the Government and the manufacturer on this side.

Q. You think, then, the consular service would be of great value to American industries if manned by people capable of acting with expert knowledge?—A. Yes; I have no doubt of it. I think those men should be business men, expert in the knowledge of such goods as are produced in the district where they act.

Q. You are in favor of a long tenure of office?—A. I am always in favor of employing good people as long as they are worthy of employment, and I think that long service is all that can give proper knowledge.

Q. (By Mr. FARQUHAR.) You have criticised somewhat the administrative customs law. Have you ever carefully gone over the provisions of that law to see if you could suggest remedial features in it by amendment or otherwise?—A. As I remember that portion of the law that I referred to, regarding statement of the elements of cost, it allows it to be entirely at the option of the general appraiser where he has a doubt of the value. It is some time since I read the law, as we have not imported anything for a long time; but I think that every man holding the office of general appraiser should be a man of expert knowledge.

Q. Are not every one of them now in the New York custom-house experts?—A. That I do not know. I suppose that many of them that have been employed there a long time probably are.

Q. Not over 3 of them but what have had at least 12 years' experience?—A. Yes.

Q. Most of these special agents of the Treasury have these subjects in hand?—A. I knew 1 or 2 of those men from having been called as a Government witness in New York, and I was convinced that they were men of great capability for their positions. One of them was a man named Wilkenson. I do not know whether he is there still or not. He was a man of great ability, and I think he was a man very much devoted to the duties of his position, also. I think that Colonel Tichenor was a man of good ability, but I do not think that he gave his attention to the details of its application. The foundation of the whole of it, though, is with the ordinary examiner and the appraiser. I think the duties of the general appraiser are more of a revisionary character. Cases do not come to them unless they have been first started by the lower officials and appraisers.

Q. In other words, you would rather, probably, criticise the execution than the text of the law?—A. A great deal; yes. And I think that is the case with most people who are affected by the illegal importation of goods.

Q. (By Mr. KENNEDY.) Are you a protectionist?—A. I am. I have been a protectionist from boyhood—before I was intrusted in manufacturing.

Q. The present tariff law, I presume, is secured largely in response to the demand of the American manufacturers, is it not?—A. I think largely. I think that they were called upon to express their opinions, and I think the law was based largely upon that.

Q. And they are generally satisfied with it?—A. I think so.

Q. Now, do you not believe that the workingmen, who were very largely interested in securing the alien contract-labor law, have just as much right to have a voice in such a law as you have in the law that you consider for your protection?—A. I can not deny that, but I do not think the alien contract-labor law would be to their advantage.

Q. Do you not believe that they, being the more numerous class and interested in it, should out weigh your opinion and your interest in it?—A. I do not think the best opinions are always given by the majority of people, if that would answer

your question. I think that people of experience and intelligence particularly on the subject are the most capable of giving a reliable opinion.

Q. Is it not very probable that the opinion of people who are more nearly interested in such a law is quite as valuable as that of the other class?—A. I have no doubt that every person who is interested in the law is somewhat biased in the direction of his own interests, but I have had some experience in employing foreign and, of course, native work people, and whilst I am in favor of employing our own work people in preference to the work people of foreign countries, what I meant was that I think we are handicapped in not being able—I speak entirely with reference to my own business—to command the very best skilled labor that is to be had, which we could get if we were permitted to go abroad for it.

Q. You have satisfactory labor in your manufacture, have you not?—A. Fairly so, after years of instruction. We have got a fair organization.

Q. Is it not fair that an effort should be made to educate the American workingmen?—A. I think so, and I think the importation of the very best class of foreign work people would be a means to that end.

Q. But you would tear down this barrier altogether, according to your statement?—A. I do not think it is possible to make laws that have very great exceptions that will not be evaded by expert people in that direction. That is one of the difficulties of our present tariff. I do not think it can be remedied, though. There have to be distinctions.

Q. You would destroy this alien contract-labor law if you could, would you not?—A. I would have it modified.

Q. In what way?—A. In the way of permitting the bringing into the country of respectable and skilled labor. And I think that that ought to be the test altogether—the respectability of the people, not their nationality or race, or anything of that kind.

Q. You know that there has been in the past a very large complaint on the part of the working people that the protective tariff protects the manufacturers, and then the manufacturers are not in favor of protecting the workmen by keeping out at the same time, with the products of European labor, that European labor itself.—A. Yes; I understand that. Now, I could give you an instance: I believe that a good laborer, that is a good workman, a steady man, and a skillful man, will always command a fair price. I will give you a little comparison about the wages paid in other divisions of labor. Some years ago a man was sent out to this country to set up machinery by a large builder of worsted machinery in England. I knew those people, and they asked me (I was on a visit there) to see to that man in case he needed anything. When he had got through with his work here he came to my office to see me, and told me he was going back, but he did not care about going. I asked him if he had ever had any idea of remaining in this country and getting work here. He said he had. He said he was entirely free from his present employer; he had completed his engagement. I said, "Well, I think we could give you a place." (This man was a machinist.) "What will you engage for us for?" He said, "Thirteen dollars a week." I said, "We are paying \$13.50 for the ordinary class mechanics, but the wages of skilled mechanics are \$16.50 a week." Well, he made an engagement with us, and after remaining with us some time his wages amount to \$18 a week, more than we pay to any other mechanic in the mill. It was simply because that man was a steady worker, and he made the increase in wages up every year. He was an industrious man. I never knew him to jump when I went into the room where he was. He was always jumping at his work.

Q. Would you have the law amended so you might contract in England or other European countries to bring to this country skilled and expert labor in your line of work? Is that your argument?—A. Not particularly in my line of work; any line of work.

Q. That is your interest now?—A. Yes; that is largely my interest now.

Q. If that is done for you, such a law would have to be framed so that all manufacturers and employers of labor could take advantage of it; and, if that is true, might not the mine owners, the great coal trust of Pennsylvania, bring in thousands of expert miners from Europe to take the place of American miners who would be on strike in case of grievances?—A. I understand they probably would to some extent. But the higher skilled laborers are not so numerous as that; and my idea is that if it were permitted to bring the better class of work people, it would tend more to equalize the wages in the different countries. There is a surplus of this highly skilled labor in Europe. If that surplus were reduced by bringing them to this country, it would make the workers generally there more independent; they would get better wages. They are borne down by that large surplus of workers who have to work.

Q. (By Mr. LITCHMAN.) What would be the effect on this country?—A. I think that the effect on this country would be to create a higher degree of skill.

Q. Those workmen coming over here would supplant the workmen already here?—A. I just gave that instance to show my disbelief in that idea.

Q. That one instance, yes; but there came during this present year, in round numbers, a half million of immigrants?—A. Yes; but they are general laborers and, I think, a very small portion of them are skilled workers. I speak of the skilled workers, because there is no necessity for making contracts with these ordinary laborers abroad. Immigration brings them without any arrangement.

Q. You, as a manufacturer, within reasonable bounds, do not object to the rate of wages, provided your competitors in your line pay the same rate of wages?—A. Yes; and I would like to see a general uniformity of wages in my line of business throughout the country.

Q. Are there not manufacturers who are disposed to take advantage of every possible means of competition with their associates in business, sometimes unfairly and unduly?—A. I think there are.

Q. With the barriers down, even under the plea of competent skilled labor in Europe, would not those manufacturers who are unfair and unjust at least take advantage of that loophole to use that source of supply to reduce the rate of wages of American labor?—A. It is probable in some instances they would.

Q. Then would it be fair that the manufacturer should have the protection of a tariff on his manufactured goods and the laborer have no protection against labor imported from abroad?—A. In the abstract, no; but at the same time I think that the disadvantages would gradually disappear.

Q. Have you any objection to labor organizations personally?—A. I can not say that I have any positive objections merely to the organizations. I have objections to their manner of operating sometimes.

Q. Would not that apply also to organizations of capital?—A. Quite likely. Capital is very powerful.

Q. Then an organization of capital, rightly managed, is not an improper thing in your judgment?—A. Rightly managed.

Q. An organization of labor rightly managed, also?—A. Perfectly.

Q. Is there any objection to a mutual understanding of each other's interests and positions between representatives of organizations of capital and representatives of organizations of labor?—A. No; if they could have a mutual understanding, I think that would be quite desirable.

Q. Would it not be a good thing on the part of the employer to encourage that?—A. I am very much in favor of labor organizations for the purpose of elevating the character of the work people. I think if that was their purpose more than the arbitrary one of taking advantage of the position of their employer, they would be eventually much better off.

Q. Have you noticed any improvement in labor organizations in the last 20 or 25 years in that very point—a more conservative and intelligent management?—A. I have only noticed in the newspapers, which is the only source of knowledge I have, the tendency in that direction.

Q. That is good, of course, as far as it goes.—A. Yes; very.

Q. Is there not a marked difference in the condition under which labor is employed at the present time and 25 years ago?—A. Of course I was not in this business 25 years ago, but I had some knowledge of it.

Q. You have seen the change in your business?—A. Yes; and I think the position of the workingman is much better than it used to be. I think the position is even of people employed in the stores.

Q. You did not quite catch my question. I mean the conditions under which labor is employed, in the specialization and subdivision of labor.—A. I should think there was an improvement, you might say, in every direction.

Q. I did not mean as to the matter of employment, but as to the different manner of employment.—A. That I do not really think I am able to answer.

Q. Your line of industry, the manufacture of woollen goods, is substantially the same as it was 25 years ago? The subdivision of labor is not as apparent and noticeable in that as in some other lines of industry?—A. I think the processes are about the same as they have been since I have had any knowledge of it.

Q. The only improvement being in special machinery to produce the same result?—A. In special machinery and the education of the work people to a higher degree of skill.

Q. As to management of the machinery itself, is a workman required to run a larger number of machines at the present time than he was 15 or 20 years ago?—A. Yes; that is the condition in this country and also in foreign lands.

Q. It is natural to give the same increase?—A. Yes.

Q. Has the increase kept pace with the increase in the draft upon the mental and physical energy of the man employed?—A. I think it has increased much more largely in proportion to the strain on the workman—I think the pay has.

Q. There has been a gradual reduction in the hours of employment?—A. Yes.

Q. There has been an improvement in the sanitary conditions under which the workmen are employed?—A. Yes.

Q. How far has that been the voluntary act of the manufacturer as against the compulsory legislation of the State?—A. I think that is largely owing to the legal enactments of the different States. At the same time I think that employers look largely to the comfort of their people.

Q. Is the large bulk of the legislation, so called, in this State and the United States the result of the agitation and demands of organized labor?—A. I think so.

Q. To that extent, then, organized labor has accomplished some good results?—A. I think it has undoubtedly; but when you asked me if I was opposed to labor organizations I said I was opposed to their methods.

Q. With the lessening of the hours of labor and a larger opportunity for study and education, will there not come an improvement in the methods and management even of labor organizations?—A. Oh, I think so; I think that their course will be considerably modified.

Q. In other words, is not education the basic principle of all true progress?—A. I believe that.

Q. (By Mr. KENNEDY.) The American Federation of Labor, recently in session at Louisville, passed resolutions calling for more rigid laws of this kind, like the alien contract labor law. That is an organization that represents approximately 1,000,000 American workingmen. They are in favor of that law, and the manufacturers are in favor of the protective-tariff law. Perhaps some of both of you are in favor of both laws. Do you not think it better to work together and not conflict with each other, in the way of your different desires?—A. I think decidedly that what is desirable in every business operation is harmony. The English factory law is the most paternal law that I know of. It takes care of the work people and compels their employers to treat them properly. We have something of the same laws here; but in England there can be no strikes without notice. I think the law is there two weeks' notice. That gives the employer, particularly if he is a manufacturer of cotton or woolen goods, an opportunity of providing for the time when the people will stop work. There is a large amount of material, when it has undergone a partial process in the mill, that then is unfit for anything else, and that material is placed in the machinery for every operation, and if the work stops it is rendered valueless; it is good for nothing but for the purpose for which it is placed in the machinery. It becomes waste if it is not used for that purpose. The law in England is that when a weaver starts what is called the warp—that is, the yarn is put into a loom—he can not quit work until he has woven that warp out. That empties the machine, and he can walk out then. They are liable to fine; if they can not pay a fine, I believe some other kind of punishment. On the other hand, the employer is bound to give his work people notice unless they have committed some palpable act that has been destructive; that is, it compels the employer and his workmen to the same level of conduct to each other; each of them has to give notice. It is a serious thing to a manufacturer when he is placed in the position of being compelled to grant demands of his work people. He has made contracts likely for those goods; he has a fixed price, which is not an overmargined one, and the work people, taking advantage of this fact, when he has a large amount of work, which is generally the time of all strikes, is a very serious thing.

Q. (By Mr. LITCHMAN.) Do you care to give an expression of opinion on the question of arbitration, or settlements by conciliation, or the settlement of disputes by courts?—A. I think conferences are very desirable; but when it comes to compulsory arbitration, I think that that invades the right of contract.

Q. You would not be in favor of compulsory education?—A. No; I would not be.

Q. You are in favor, however, of conferences, you say, leading up to conciliation?—A. I am.

Q. You have no objection personally to meeting the appointed agents of your employees?—A. No; I have done that several times.

Q. You see no objection to the employees selecting their agents for that purpose rather than having the contact direct with the individual people?—A. It would be almost impossible to have the contact direct with each individual, but in my own case I have usually consulted numbers of them independent of the committees that waited on me.

Q. You would not individually hold it against the committee who waited on you to represent their fellow employees?—A. O, no; I think they have the same right to ask a fair price for their labor as I have to ask a fair price for my goods.

Q. And if that same feeling existed between all manufacturers and their employees, we could soon pave the way for conciliation between employers and employees?—A. I think so; but, on the other hand, I think the general objection is on the part of employees and work people themselves, mostly.

Q. That, however, applies more particularly where the relation is a personal one?—A. Yes; of course the relation between clerks and their employers is closer; still, I am quite familiar with the people we employ, and I believe most manufacturers are.

Q. Those in your own personal industry?—A. It is not confined to me; there are a great many other people the same way.

Q. How far does that kindly relation extend when it is between the superintendent of a mill, representing a corporation and stockholders who themselves have no personal contact with the men employed?—A. That would depend largely on the man. In some cases it is probably very arbitrary and unpleasant.

Q. And when there is that unpleasant and arbitrary action on the part of the superintendent, it is liable to create a retaliatory spirit on the part of the workmen?—A. I have no doubt that is the result.

Q. (By Mr. CLARKE.) From your experience and observation in this country and in England, do you consider that a protective duty on imported goods is exclusively for the benefit of the manufacturer?—A. No; I think the work people get the larger part of it. Competition among manufacturers keeps prices very low, but that competition can not be visited directly upon the work people. Their wages are quite firmly fixed. If we take an order for goods at a low cost, we can not take it off the work people.

Q. Speaking of the contract labor law, are you aware that it contains a provision for the importation of highly skilled people as instructors in new industries?—A. I think that applies to new industries; that is my remembrance of it. My industry is not a new industry; it had been carried on in this country, particularly in New England, for many years. I was merely establishing a new factory, a new plant, not a new industry.

Q. Is it your opinion that that law could be safely amended so as to permit the importation of skilled laborers under contract for improving the processes of production in existing industries?—A. I think so. I am not enough of a lawyer to suggest any amendment, but I think that an amendment in that direction would be a great benefit and, as I said before, I think it would relieve the laboring element of foreign countries of a large surplus that is always out of work, and in that way tend to equalize the wages in the different countries, and in that case I think there would be really less necessity for the tariff.

Q. Would it have the effect of displacing any skilled labor now employed in this country?—A. I scarcely think it would to any great degree, because there is a demand in this country for highly skilled labor that we have great difficulty in supplying.

Q. Do you believe the effect of it would be to educate the employees generally in that industry to their advantage?—A. I do, because the overseers in mills have to look very carefully after the work of the subordinate hands, and that alone would tend to create a higher degree of skill among the general work people.

Q. Do you believe another effect would be to improve the quality of American products and increase their reputation?—A. I think it would in my own business. I have no knowledge of any other branch, but that would be the result in my own establishment.

Q. (By Mr. FARQUHAR.) While it has been permissible under the alien contract-labor law to import into this country skilled workmen, was not that clause of the law framed entirely to improve the infant industries of the country?—A. I think very likely; I think more particularly to keep out of the country work people who may interfere with those engaged here. I think that was the prime object of the law.

Q. That is the general law, but there is a permission there in the law to import skilled workmen.—A. For new industries, yes.

Q. Do you know of any so-called infant industries in this country now?—A. No; I stated that we embrace nearly all the branches. I spoke of the instance of my employing that machinist. I forgot to state that that man told me he had been 27 years in the business in England and earned but 30 shillings a week—about \$7.50; and I said we paid him as high as \$18, and I think his regular pay, independent of overwork, was about \$16.50.

Q. Did he remain with you many years?—A. He remained until we had to close down the mill in consequence of the Wilson law, and then he went home. His wife was dissatisfied, I believe, with living here; but he has since written several times wishing to come back, but we had employed other men in his place and did not need him.

Q. Do you import any labor-saving machinery or newly devised machinery in your business now?—A. The great bulk of the machinery used in the manufacture of worsted is of foreign invention, and we have to import it when we need it. We have not imported any lately, because our establishment is quite complete.

Q. Are there any American manufacturers of the same class of machinery here?—A. Manufacturers of some machines, but not the general outfit of the mill.

Q. How far could it complete the outfit of the mill?—A. You mean what percentage?

Q. Yes, of the whole machinery.—A. Probably not over 15 per cent of American machinery. Many of the machines are not made in this country.

Q. Is there not inducement enough for the manufacturers in this country to take up this class of machinery for American mills?—A. There is; but, as I said, the machines are generally of foreign invention and they have somewhat of a monopoly of the building of them. I think that they probably understand how to build them more economically; that is, on a more economical method.

Q. Is there not a discrimination in the tariff on the importation of machines because they are of foreign manufacture?—A. I think the tariff is equal on all machinery.

Q. (By Mr. KENNEDY.) The testimony before this commission, not only here but elsewhere, on this and kindred industries, has been that the American manufacturers are in a very good position to compete in the markets of the world successfully and pay their employees better wages than are paid abroad, etc. In view of that satisfactory state of affairs, is there any real necessity for making another loophole in the alien contract-labor law?—A. Personally, I do not care about it; that is all I can say. I am quite willing to let it remain.

Q. I thought you favored changing it, from a remark you made in the beginning.—A. No; I have been struggling all my life and I think I can continue for the remainder of it.

Q. (By Mr. CLARKE.) Do you think of any further statement you would like to make, Mr. Steel?—A. Only to express a desire that there shall be no change in the tariff. I think the disturbance and agitation of these questions that affect the business world generally are very much to be deplored. It is terrible to live in a constant fear of a change in the laws that govern your business. It is a horrible condition of life. Whatever inequalities there may be in the present tariff, I think it would be better to submit to them. We can get along under this tariff very well, and I would rather submit to any disadvantages it brings me than to have any general stirring up or disturbance of the question. It disrupts business and makes life very uncertain. I think all classes of people in this country are benefited by the tariff. One of the gentlemen asked me if I was a protectionist. I have been from a boy. My father was a Whig and I became one, and I remember the tariff arguments that were made in those days. The principal one was that we had not skilled labor and we had not capital. I think the tariff has largely added to the population of this country as well as increased the industries. The tariff has brought people to this country to do the work here that they were accustomed to doing abroad, and my feeling is, without any bias, free from selfish interest, it has been a great benefit for the country at large.

Q. (By Mr. KENNEDY.) I knew you were a protectionist, but I wanted to see if you carried the principle all along the line and give the workingmen all the protection they wanted?—A. It is very hard to be consistent in these matters.

Q. (By Mr. CLARKE.) Do you consider the triumph of protection—evidenced by the success of American manufacturers and the ability of American producers to compete in the markets of the world—as a reason for dispensing with the tariff?—A. No; at present we could not endure that. It would disrupt everything in the country if we were to dispense with it. I do not know the details of the English history of protection, but I have been told by people over there that at one time England was the strongest protection country in the world; that there were legal penalties at times connected with the introduction of foreign products and manufactures. I think, from my knowledge of the business there, they continued that policy until home competition brought down the cost of production among themselves so they did not need it any more; and I would not be surprised if in the course of many years that would be the condition in this country—that competition among ourselves would reduce us to the lowest cost of production of any country in the world; but to arrive at that I think we need the present policy of the Government. Besides that, I think the people who have gone into investments largely through the policy of the Government are entitled to a reasonable continuance of that policy.

Q. From your experience in living and carrying on business in a free-trade country, can you see any advantages in that policy over the general policy of protection?—A. On the contrary, I can see great disadvantages. Still, England can hardly be compared to our country. We have unlimited resources and hers are very small. I think one of the great features of our Government is that if a man does not care to work in a mill or blacksmith shop, he is given a farm that he can go to free of cost. That, of course, is an opening he has in no other country—no great manufacturing country except this. He can choose his employment here and the Government will give him a plant.

I desire to add something in relation to the subdivision of labor in manufacturing. You can carry on manufacturing in England without owning a machine. The different branches of producing goods over there are each one a separate business. It is carried on in this way by many of these people who call themselves commission houses. They employ designers who get up the designs for goods. They then buy the wool from parties that do nothing but comb it into what is called the top, which is the first form that worsted appears in. The top is then given out to people who do nothing but spin it into yarn. That is given to people who do nothing but weave, and they will weave it into goods. The goods from the loom then will be given to people to dye and finish; that is their sole business. Then it passes into the hands of parties who pack and examine the goods, and the only thing that the party who stands in the position of manufacturer has to do is to have them invoiced and carted away. In this country nearly all the manufacturing is done in one establishment. We do everything—take the wool and turn out the finished goods, dyed; and this is the custom in this country. That is one element of cheapness connected with manufacturing in England, as compared with the cost of all these operations. I think the subdivision of these different branches enables them to carry it on more economically.

Q. (By Mr. FARQUHAR.) You spoke of 5 subdivisions; is there a profit in each?—A. There is a very small profit.

Q. In your own manufacture, you certainly gain these profits that over there are divided between 5 hands?—A. I think sometimes they are not all profitable. In England the dyeing and finishing is a separate business, although the finisher has the goods dyed. I once asked a finisher why he did not do his own dyeing. He said, "We would have nobody to make claims on for imperfections."

Q. When you have it as a unit, is there not a gain in better appliances over the subdivision?—A. I think that in some respects that is a fact, but at the same time the difficulty comes in in getting perfectly competent men to carry on each of these departments. Over there they are carried on by people who are brought up to each branch.

Q. (By Mr. LITCHMAN.) Your profit is in a manner counterbalanced by the large capital required for the entire business?—A. That in this country is very large.

Q. When you went to England, did you assemble the different parts in this manner?—A. That is the manner in which I carried on my first operations.

Q. You do not any more?—A. Not at this time.

Q. You had them done in the different establishments and assembled them in the manufactured product?—A. Yes.

Q. And you know that is a general process there?—A. There is a very large business carried on by houses who do it in that way.

(Testimony closed.)

PHILADELPHIA, PA., December 19, 1900.

TESTIMONY OF MR. THOMAS J. LAPPIN,

Deputy factory inspector, Pennsylvania.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. Thomas J. Lappin appeared as a witness at 2.22 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Thomas J. Lappin, 1431 Morris street, Philadelphia.

Q. What is your occupation?—A. Deputy Factory inspector of the Commonwealth of Pennsylvania.

Q. Have you had occasion to investigate work in tenement houses and the sweating system, so called?—A. Yes.

Q. Please proceed in your own way to tell the commission about it.—A. The sweat-shop subject has been pretty widely discussed and many suggestions have been made and offered, but, in my judgment, the present law of the State of Pennsylvania, particularly the amendment recently enacted empowering the inspectors to seize, confiscate, and destroy any or all goods found being manufactured in unsanitary places or where there are contagious diseases, has been the most effective and has produced most excellent results.

The greatest detriment to labor is the home worker. There does not appear to be any difficulty as to the regular shops, but in the case of the home workers who are increasing to an alarming extent. Manufacturers who formerly employed a large number of people in a building are now doing away with that and saving their rent, and they are advertising in the papers, "Wanted, three or four hundred hands to do work at home;" and, to be conservative, at least 60 per cent of the applicants for that work are married ladies, who have husbands supporting them, and their only ambition and desire is to acquire a few extra dollars, and by reason of that the manufacturer gets the work done for about half what it would cost in his own factory or establishment.

Q. Is that method confined to any particular industry?—A. No; it is reaching to them all. Of course the largest portion is wearing apparel, but it is now reaching to the manufacture of paper boxes for the drug trade and paper bags used in the grocery trade in general. They practically use the heat and light and the wear and tear on these individual machines, all of which costs them nothing. That is the greatest detriment to labor, and it is a menace to the community by reason of the fact that contagious disease is very much more likely to exist in these places.

The method by which we reach that under our present law is this: We are empowered to go into any person's home and make an investigation of the conditions, for which we issue what is called the family permit. The same law requiring that inspection also requires the manufacturer to demand the production of that permit before work is given to them.

The mayor of the city of Philadelphia was very quick to catch the details when the suggestion was made to him that he turn over to the department the aid of the bureau of health force, to whom are reported every day by physicians all the contagious diseases in the city of Philadelphia. They in turn, through the courtesy of the mayor, submit to each inspector a list of all contagious diseases reported to them. If the person is registered properly and has a permit or license card, by reference to this report of contagious diseases and to our book we can see instantly the places where goods are manufactured. Now, it is possible, on a visit there, that they may not have any goods at home at the time; then, again, we find many instances where the goods are right there. In that case we notify the bureau of health, which sends for these goods and fumigates them. If we should by accident come across any case where the work is being done without this permit, then we order, or at least I have ordered, the goods to be destroyed; and that has also been done for us through the courtesy of the bureau of health. Every person who receives this permit is instructed in the rules of the department that if any contagious disease exists in the house, the minute the physician tells them, they must notify the inspector. That is one of our rules. If that rule is violated, we can take advantage of the law which gives the inspector the right to revoke said permit any time he deems the health of the community demands it. It often occurs that the circumstances surrounding the people, and the trials and troubles of the family, appeal to the charitable instincts of inspectors, and we are not quite as drastic as we might be in some instances. But with faithful application and an honest inspection and an exceedingly large increased force of deputy inspectors, we could have still greater and better results. I mean by that this: The district I have the honor to represent covers the territory from the south side of Carpenter street to Back Channel, or League Island, and from the Delaware to the Schuylkill rivers; and with the combined number of factories, together with the large number of tenement houses which I inspect and have requests to inspect from time to time, I can only appear once in a year at a factory, and possibly twice at a sweat shop, and once or twice at some mills and not at all of them. The law would be much more effective if an inspection could be made of a sweat shop once a month instead of once or twice a year. Legitimate factories do not require such a rigid inspection or as often, but in my judgment a sweat shop should be inspected once a month. To do that would require a force of deputies at least double that in Philadelphia at present.

A very interesting thing in connection with this tenement-house inspection: Two years ago the United States Government was having manufactured, I venture to say, hundreds of thousands of army trousers and uniforms, and at one period, to my knowledge, as many as 3,000 women were being employed doing work at their homes for the United States Government. In addition to that there were as many as 60 contractors, and these contractors used to send their agents out to canvass the slums of Philadelphia, requesting families to take these pants home and finish them, for which they received 4 cents. Recognizing the importance of that inspection, I took the matter up with my chief, and we managed, through the courtesy of the commanding officer of the United States arsenal, to have adopted a system by which they inserted after that in their contracts a clause providing that all work must be made and finished in the building to which it is taken, none to be given out under any conditions; it must be made and finished in the particular room to which it was taken. That was strictly adhered to, and while there is doubtless as much as one-half as many being made at the present time, the result of that clause is that to-day in the slums of Philadelphia you can not find a single piece of army goods being made. The compensation paid in the United States arsenal on that line of goods was as much as \$1.25 for making an overcoat. The same overcoat is being made to-day for the United States Government for less than 90 cents.

Q. In factories?—A. In factories, yes. The men who made that bid told me positively that in submitting the bid they depended on sweating it out to individuals, and they were taken in when they signed the contract that the work would be made and finished in the building to which it was taken; otherwise the bid would have been very much higher.

Q. (By Mr. LITCHMAN.) Have you a copy of that contract?—A. No; I was unable to get that readily. I wanted one very badly.

Q. Will you furnish one for the use of the commission?—A. I think I could get one; yes. That in particular shows the beneficent effect of goods being made and finished in the building to which they are originally taken. Further, the United States arsenal to-day is receiving a pair of trousers made by contractors for 60 cents, and by the women operators for 75 cents, as much superior to those formerly made in make and finish (this I know from my own personal observation and inspection) as is the difference between a \$12 custom-made pair of trousers made on Chestnut street and a \$1.50 pair of shoddy trousers made on South street. The difference is that great in every pair. The rules are so rigid that the possibility of contagion is eliminated almost entirely, because they are in constant fear of its being found that there was contagious disease in the house, and they are very prompt to report it. I suppose in 1 year there have been as many as 60 cases where army trousers have been taken from families through these rules and regulations and fumigated by the bureau of health and returned to the army department.

Q. Please explain the difference. You spoke of 75 cents and 60 cents paid on the same grade of goods.—A. The contractors receive the 60 cents, and the 75 cents is paid to the women operatives that work for the arsenal direct—soldiers' widows and orphans, and so on—who are constantly on their roll.

I know of another case: In a measure this is only hearsay evidence; that is, I have observed the fact, but the source of the information is only hearsay, and it might be detrimental to the individuals. They are now in the employ of the United States. At one time the khaki suits of the United States Government were never made in the city of Philadelphia at all. A period came along when the ladies were idle, and in view of this inspection by the factory-inspection department they concluded to give the ladies a trial on these suits in the city of Philadelphia. They manufactured them for quite a little while, and then they were suddenly taken up and carried away to the city of New York, and I was told the difference was that it cost \$1.15 in Philadelphia and they made them in the New York sweat shops for 90 cents.

Q. You have had occasions where goods have been destroyed under the authority given you by the law?—A. Yes.

Q. Can you tell us anything about the quality of the goods so destroyed?—A. I can not give you the particular quality, but one case I can call to mind was a number of silk waists and ladies wraps and custom tailoring goods and overcoats—one overcoat I know of. It proved to be a wholesome lesson to the guilty person, and has been of great benefit to the department, far greater than any arrest would have been under any circumstances.

Q. In that particular case was the garment of high quality or common quality?—A. It was an overcoat worth about \$65.

Q. (By Mr. CLARKE.) How recently has the making of other goods than clothing been introduced? A. Well, within about 18 months I have noticed it. I noticed it for this reason: Paper boxes are not enumerated in our law, amongst other things, and I notice that the goods of that industry are being quietly sent into the homes to be made. You see with the home worker there seems to be a disposition to sleep long in the morning and work into the late hours of the night. I think the proper restriction of immigration would cut into the people there. I know of instances where they sent for a cousin or a brother, or somebody else without any means of support. Some of very tender years are brought over, with no father, no mother, nobody to depend on; they must work; he keeps them right there in his own house working. While the law gives us the power to dismiss them if they are under age or illiterate, between the ages of 13 and 16, after that age we have no jurisdiction over them if they live in that house; and there are numberless cases of that character in the city of Philadelphia to-day.

Q. (By Mr. LITCHMAN.) Do you find that this is applicable to any particular nationality?—A. Yes; principally Russians.

Q. Do you have any Italians in that class of work?—A. Some; yes.

Q. And you find that these sweat shops are recruited from the immigrants that come in in the way you say?—A. Largely. There are very few English-speaking shops any more in Philadelphia; in fact, not any, hardly, in this last 2 years.

Q. The industry is being absorbed by that class of people?—A. By that class of people—for the reason that where formerly—say, in the custom-tailoring trade, I have known where a man would get \$5 to \$7 for manufacturing a coat in a back shop, or a shop connected with a tailoring establishment—only the other day I ordered a suit of clothes for myself, and I found it being manufactured by an Italian who I would not want any of my clothes to be made by, and he told me he got \$3 for making it. I sent it back to the tailor with the statement that I would not have it for a gift; the whole suit, in fact. Now, that same coat ought to have brought, for the price paid for it, at least \$5 to \$7 for the making of it, and the man that made it received \$3. I was treated to the information that had he known it was my coat he would have put \$10 more work on it. That is where I say the detriment to labor comes from the home worker.

Q. Your idea being that a man orders a first-class garment, supposing it is going to be made by a first-class laborer, and it is made in a sweat shop without his knowledge?—A. Yes, sir.

Q. Yet he pays the price?—A. Yet he pays the full price for it. I have no hesitancy in saying the price for that as a business suit was \$25. That was the bill that reached my house for that suit, and it was returned to the maker. I would not have it for a gift.

Q. (By Mr. CLARKE.) What suggestion would you make for the restriction of immigration?—A. Well, that would be a subject that I could not speak very intelligently on. The rules ought to be decidedly more drastic than they are. There must be some loophole by which these folks arrive here without any visible means of support, without any father, without any mother, and of such tender years.

Q. Do they come to the port of Philadelphia or the port of New York?—A. That I do not know. Not being familiar with the language, it is very difficult to obtain the information; but they told me that their brother brought them over, paid for them to come over—something of that sort.

Q. Brother already here?—A. Here.

Q. Is their brother able to support them in such cases?—A. Well, apparently not, or he would not have them working. I think his object is to get what labor he can out of them. We only have jurisdiction of those under 16 years of age.

Q. That is, under your State law?—A. Yes.

Q. Do you recommend any amendment to that law?—A. No; I could not say that I do, for the reason that it has become so uniform all over the United States where they have factory inspection that I think it might work a hardship in many cases, as it would apply to our own American children; that is, to raise the limit or lower the limit of the age of employment. I think we have reached pretty near what would be the correct period, 18 years. There is one thing that we have no jurisdiction over that might be fixed by national legislation, and it enters into competition with us here. For instance, we will take New Jersey; their laws are very mild in comparison with ours governing factory inspection and sweat-shop inspection, and the lower section of Jersey is loaded with shops where work is manufactured without any regard to the conditions, and brought right here to Philadelphia. We have no means of stopping it. In other words, the home workers in Camden can come over to Philadelphia, load their rooms up full of work, work a week over in Camden and load it with diphtheria, and bring it over

here to us, and we have no jurisdiction over it. The same is true of New York; we have hundreds of cases that come here from New York City. Assuming it can be traced, I think much of the disease is caused from that very thing—boxed up and carried away. I can recite a case in particular where a lady manufacturing goods had diphtheria in her house, and she was very desirous of having that work finished by Friday to take it into the United States arsenal. She sent somebody out to get another person who worked for the arsenal and coaxed her to finish that work, and in 10 days thereafter in the woman's house to which it was taken there was also diphtheria. The work was found right at the time. We were not quick enough to stop that, but that work was fumigated and returned to the arsenal, and the permits in both cases were canceled and revoked; and they have made repeated efforts to get another permit, which has been refused. I recite that to show where it is possible for these things to occur; and it is just as likely to occur in Jersey and be brought over here; and I believe that some of the large dealers in Philadelphia are commencing to realize our inspection in this city is very drastic, and are giving a considerable amount of their work in Jersey that was formerly made here.

Q. If all manufacturing in houses was prevented would hardship thus be imposed upon the poor?—A. It would be a hardship upon a few, but it would benefit the greatest majority, if a law could be so framed that would be constitutional that would prohibit any work of any kind whatsoever being made in any home wherein a person sleeps, or is used as sleeping apartments. If it could be prevented entirely it would have a most beneficial effect on labor.

Q. (By Mr. KENNEDY.) Does this permit enable or permit persons who receive it to carry on all of the industries enumerated in it?—A. Any one of them.

Q. Where is that specified?—A. It is only specified on our inspection report.

Q. From the wording it seems this permit is given to carry on all of these industries.—A. It is not so. The permit shows the exact wording of the law. Some make cigars, some neckwear, some underwear, and some clothing. We have to specify it on the inspection report, and if any other business than what is on our inspection report is carried on we would promptly take that up.

Q. You said that you are able only to get around to the factories twice a year?—A. Do not even reach the factories twice a year.

Q. And the tenement houses how often?—A. I would only visit them once, unless there is a change of residence and they notified me to visit a second time. That is brought about by the large amount of work. For instance, in that district last year—I may not be correct in the exact figures—I visited something like 3,000 homes, and about 200 and some odd factories, and about 79 sweat shops.

Q. To do the work effectively you would need an inspection force 4 or 6 times as large as you have?—A. I could use 2 men besides myself in the district now covered. Understand, I am located in one of the districts wherein the sweat shops predominate to a large extent, and also home workers. The home working is caused by the United States arsenal being located in that immediate section; and then the district adjoining mine, presided over by Mr. Hughes, who is here, is also of like nature, and even more severe than mine.

Q. If you were making the number of inspections that you indicate should be made, you would need a force six times as large as the force in that district at the present time?—A. Yes.

Q. Can you get such a force from the State?—A. Not that large, hardly. They are not noblesse oblige.

Q. (By Mr. LITCHMAN.) Will you tell how many inspectors there are in the factory-inspection department?—A. Twenty in the State, 7 in the city.

Q. That is outside of the chief inspector?—A. Outside of the chief factory inspector.

Q. (By Mr. KENNEDY.) Is there any opposition to the inspection work by the workers themselves?—A. Very little.

Q. Do you find the unions active in behalf of the work you are doing?—A. To some extent. They are handicapped. Nobody wants to give a direct opinion, for fear of being boycotted by this or that particular house. I find the union men are the violators often along with the rest, more because they are brought to it by the condition existing. With an inspection force at least twice as large and faithful application to duty, an honest inspector with the present law of the State of Pennsylvania would produce much better results than are at present produced, although I can say within this last 3 years most phenomenal strides have been made in that direction.

Q. (By Mr. LITCHMAN.) Can you tell what proportion of custom-made goods is made under the factory system as compared with the proportion made in sweat

shops?—A. That would be a difficult question for me to answer, but I feel safe in saying that the largest amount of it is made in private homes.

Q. Don't you think it would be as much as nine-tenths?—A. Not quite as much—I say eight-tenths. That is only a rough guess, from observation, as it applies to the particular district over which I have supervision.

In reference to my testimony concerning the home workers manufacturing for the United States arsenal, I did not mean to say anything derogatory to the home workers who are English-speaking people. I had reference to the home workers to whom the work had been sweated by subcontractors. My ambition and aim has been to take the work away from them and put it in the hands of the soldiers' widows and orphans now employed by the United States Government. That has always been my ambition. I very rarely find any condition under which they work that would make me revoke their permit—only occasionally, through a lack of compliance with the rules. I had reference to the people who formerly got the work from the contractors, to whom the work was sweated. That was the condition 18 months or 2 years ago, but is not the condition to-day. (Testimony closed.)

PHILADELPHIA, PA., December 19, 1900.

TESTIMONY OF MR. WILLIAM J. MILLIGAN,

Chief Deputy Collector of Internal Revenue, Philadelphia, Pa.

The special subcommission met in the rooms of the Manufacturers' Club at 2.22 p. m., Mr. Clarke presiding. At 3.02 p. m. Mr. William J. Milligan appeared as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, post-office address, and occupation.—A. William J. Milligan, No. 2138 Fitzwater street, chief deputy collector of internal revenue.

Q. (By Mr. LITCHMAN.) You were at one time factory inspector of Pennsylvania?—A. At one time, yes; I think it was in the year 1895—putting in to execution what was then called the sweat-shop law.

Q. You are familiar, then, with the conditions of the so-called sweat-shop employment?—A. At that time and for two years afterwards I had considerable experience in that direction.

Q. Will you in your own way give the result of your experience and such suggestions as you see fit to give to the commission?—A. I only wish it was more recent, that I could give it more fully and completely. I have not had an opportunity to go over in my mind a good deal of it. I have been out of the service for three years, but I can give you something of an idea of the conditions as we found them, and as I left them, and what I think could perhaps be done, and yet I have some doubts whether all I think could be done, or ought to be done, could be accomplished.

In executing the sweat-shop law we found a far greater necessity for it than we had anticipated. We visited the so-called slums of Philadelphia and found hundreds of shops where clothing was being manufactured under the most vile conditions. The rooms in which they were made were very small and greatly crowded—no thought of sanitation or air. Frequently we found that the clothing in course of manufacture was being used to soften the floors, that would otherwise be hard to sleep upon; and in many, many instances we found vermin creeping over the garments as we found them in the sweat shops. There were very, very few of what would be called shops at the present time. They were altogether in homes of private families, houses that ought to be used for living purposes, rooms that ought to be used for living purposes. After a very thorough investigation of this condition we directed them to move into shops or better places, where the sanitation would be better, and the conditions surrounding them. At that time there were no shops where they could go, but eventually, through the owners of real estate in the neighborhood, alterations were made that made it possible for them to occupy shops. Directly after getting into the shops I found that quite a number of them were going back into the house manufacturing, as families. The law at the time provided that none but a member of the family could work in a house. Their excuse was that the rents of these shops were so great that it was impossible for them to manufacture clothing at the prices paid them and pay shop rent. I found that this was doing a very great injustice to those who were trying to

comply with the law and manufacture in shops separate from their homes, and I suggested an amendment to the Chief, and the law was afterwards amended giving the department the right to control what was known as the family worker; and now the department is working under that law, which gives it the right to investigate the family house. There is considerable of a distinction in the conditions existing among families. There are homes of families in which clothing could be made and is made under very proper conditions; but in the small districts, among people whom Mr. Lappin has designated as Russians, this large foreign population, while they are to be commended for sobriety and industry, are lacking in cleanliness and decency so far as the manufacturing of the clothing is concerned. It appeared to me to be with them a fight for existence; and that was due to the very low prices paid by the manufacturers or the dealers in the goods made by them. They in a very large measure were responsible for this condition themselves. They come here, as has been described, without any visible means of livelihood, without any trade by which they can earn for themselves a living. This is particularly true of clothing manufacturers, who open up for them an avenue of employment which they quickly seize. There is no very great difficulty after a little while in learning how to run a machine and following lines laid out for them, and in time they become the manufacturers themselves and underbid one another to such an extent that the prices must come down naturally, and the manufacturers take advantage of all such conditions.

Q. You say they become the manufacturers themselves. You mean in the sense of being subcontractors?—A. Not in the sense of being subcontractors; no. The dealers cut out large quantities of clothing to be manufactured, and it is a question with them, of course, of having that done at the lowest figure possible. Where I have noted there were perhaps a dozen or more that were manufacturing, who would go and make the contract with the dealer for the making up of those goods, a year or so later I observed that the number of contractors with the dealers had increased very, very much, and the shops had increased. The competition between each other in this matter is certainly very, very lively.

Q. Have you observed any attempt on the part of these working people to get out of these conditions after they have been in the country a little while?—A. I am sorry to say that perhaps the conditions as they were and their desire to make wealth and to get in a position equal to the contractor that they have been employed with have rather led to the conditions that surround them at the present time. Competition with them after awhile became very lively, and the result of all that was that they could not pay shop rent and they had to go into their own homes again to manufacture. I can not say just how great the immigration is of that class of people, but they have certainly revolutionized that particular branch of the industry. Before that there were a number of Germans, who were ready-made clothing manufacturers, who kept shops in very nice condition, largely located uptown. They have been very nearly wiped out.

Q. What remedy would you suggest for this condition of affairs?—A. It is a pretty hard question. It seems to me they would have to all be born again. The great love of wealth and desire to get rich would have to be wiped out and more thoughts of humanity control us.

Q. Do you think it could be reached in any way by a restriction of immigration?—A. There is no question but that it could be; and I think, too, that there is a very great necessity for the health and happiness of a community that these places should be controlled by law. That is, where people are so reckless and so thoughtless and have so little consideration of what is due to their fellow-man as to run such chances of spreading disease, I think that law ought to compel them to do better. I recall, in contrast to these vile conditions that I mention, visiting a little town in New Jersey where clothing was manufactured very largely. It was the industry of the place. At that place I found nice shops two stories high, with two rows of machines and a table in one corner, with a little five or six horsepower engine, and everything there being manufactured under the cleanest, healthiest, and best conditions possible to make clothing; and upon inquiry I learned they were getting five cents a garment less and had to pay the freight on the material one way. I think for the good of the community and the protection of these workers the law ought to have a supervision over the manufacture of clothing to the extent of preventing disease and vermin being spread among the people. These goods are sold largely to the poor, who have a right to be protected in their purchases. They are perhaps made cheap so that they can buy. I do not know why, but there are reasonable profits made upon the goods. What the profits are I would not pretend to say; but I would think where conditions of this kind exist the intelligent dealer for whom these goods are made ought to be compelled to have supervision over the place where his clothing is manufactured.

Q. Could you suggest an outline of such a law as you speak of?—A. There was a suggestion made at the meeting of the Factory Inspectors' National Association at Providence. They suggested the passage of a law by Congress covering the manufacture of clothing, and requiring each dealer to pay a tax upon a shop, as well as giving the power to make regulations governing these shops, health and cleanliness being the paramount condition; and making the tax so very large that it would be prohibitory so far as these vile places and conditions that we speak of are concerned, so that they could not exist. It looks to me like a police regulation under the guise of a tax law. It might be a matter for the State to take hold of rather than the National Government, for the reason that these conditions do not prevail all over the country—only prevail in certain parts of the country. I am not sufficiently acquainted with the condition of the law or the constitution of Pennsylvania in the matter to warrant me in saying that a tax could be inflicted upon these dealers in such a way as to bring the sweatshops and the conditions that surround them under the supervision of the State. If it possibly could, it seems to me that it would awaken the dealer to the fact that he must be careful as to whom he gives his work, and, after having given it, the conditions that control the manufacture.

Q. (By Mr. KENNEDY.) Are you a factory inspector at the present time?—A. I have been out of the service three years, and I am simply now speaking from my memory and study of the matter.

Q. Have you some knowledge of the present conditions under which clothing is manufactured?—A. No; I have not been around at all. I imagine it is largely under such conditions as prevailed before. As to the Arsenal that has been spoken of, we did not at any time look after that particular work, because that work is largely done by soldiers' widows, American women, Irish women, English women, and German women, whose homes as a rule are very, very clean, and who have to manufacture these goods from necessity. Several of the men of the old division that I had, came to me about this Arsenal work, and they no doubt got hold of it by contract and redistributed it among conditions that could not be described. We must see to know anything at all about it.

Q. Some witnesses in Chicago, including also Mr. Harry White, of New York, and Prof. John Graham Brooks, of New York, who takes a great interest in this subject, testified that no gentleman can be absolutely sure, when he pays a big price for a suit of clothes, that that suit of clothes is not made under these unsanitary conditions that you speak about. I would like to ask if that is true in Philadelphia?—A. There is no question about that. I recall now one particular instance: A very prominent and distinguished gentleman in Philadelphia was having an evening dress coat made; he was to wear it that night. It happened that the chief was along with me at the time, and I took him into a shop where an Italian was working upon this coat. The Italian sat upon a table, working hard, with a view of accomplishing his task before night. Alongside of him was his little baby, about 2 years old, perhaps, without a stitch of clothing on, and you could not lay a 10-cent piece upon a part of its body that was clean. It was slobbering and playing around the father while he was manufacturing or making this coat. Sitting along with him were 2 or 3 boys, who were looking after some little detail parts of the coat, and on the floor were at least half a dozen or a dozen small spring chickens, that were running in and out; and directly back of that, with the door open, was the kitchen, where they were boiling something that had a very garlicky smell. I felt pretty sure that had that gentleman known his coat was being manufactured under such conditions, he would not have worn it and exposed himself and associates to possible infection.

Q. It is your belief that the merchant tailors who have fine first-class shops patronize these sweat shops in the slum districts?—A. They are not sweat shops. That must be corrected. They will come under what are called the family shops.

Q. The garment is made under sweated conditions, is it not?—A. No; those garments are not made under the sweat-shop system at all.

Q. What do you mean when you speak of the sweated industry?—A. Those are goods made in very large quantities—what are called ready-made goods.

Q. If the tailors' union, for instance, has a scale of prices for the manufacture of garments, and that is the scale that obtains pretty generally in the trade, and these garments are taken out under these circumstances and manufactured at a much lower price, is not that sweated?—A. You and I do not understand the question exactly the same. There are two separate and distinct systems. The ready-made clothing is made under sweating conditions. In the tailor-made industry there are Italian, German, Irish, and English tailors, who are practically tradespeople, who have learned the trade and know just exactly what it is to make the garment; they will come to the merchant's place and get any garment

that may be ready for them at the time and take it to their home and manufacture it.

Q. (By Mr. CLARKE.) If the tailor employing that man would furnish a sanitary shop, would the man prefer to work in it to working at his home?—A. It is questionable whether he would, because their seasons are very short. There are only two seasons in the year for them—that is, the spring and fall seasons—and they must work hard when they do work; and if they were compelled to pay shop rent it would make a material difference in their income. But it seems to me that under all these conditions that I speak of, goods of that character ought to be made in what are called the back shop.

Q. You mean back shop of the tailoring establishment?—A. In there, or around the corner in a comfortable or pleasant house. There are a number of such back shops here in Philadelphia—a large room with probably a dozen or more of them in it—apartments with room enough for labor, machines, and table.

Q. Do these garments, made in homes under unsanitary conditions, get into the largest and most reputable stores in Philadelphia?—A. Well, now, you are asking me a question that I shall have to hesitate about. If you will take away the words "most reputable and largest stores in Philadelphia," I will answer it. These goods are manufactured and sold to whoever will buy, and there are buyers from the highest to the lowest. Now, that, I hope, will perhaps answer your question.

Q. (By Mr. KENNEDY.) Have you what is known as the "Consumers' League" in Philadelphia?—A. I think there is such an organization. Mrs. Symonds, perhaps, can tell more about that than I.

Q. You know nothing about them?—A. I know nothing about that.

Q. Don't you believe that a great improvement would be made in this matter if the gentlemen of Philadelphia and other cities who pay high prices for their clothing were made to know that they could never be certain under the present system that their clothing was not made under unsanitary conditions?—A. There is no doubt at all about that; but how are they to know this? It is not my business to run and tell them, because I am doing an injury, perhaps, to poor people who are earning a livelihood. I think that the dealers ought to be made to realize somehow or other the importance of care as to the conditions under which their work is made. This doesn't apply, of course, in all instances; there are very, very many men that are good tailors and turn in a very excellent garment. So far as their work is concerned, it is beyond any question; but it is within their family, and they have a great regard and thought for their children, and they are just as much a part of their thought as the garment they have in hand when at work.

Q. (By Mr. CLARKE.) Would you recommend a State law which would require that all clothing, whether classed as tailor-made or ready-made, should be manufactured in sanitary shops and not in the houses of the workers?—A. It would be very, very much better if that could be done; but still I think that under proper supervision clothing could be manufactured in homes without any danger of disease or injury to the buyer.

Q. How great would be the hardship on any who work in their homes to go to the shops to do that work instead of doing it at home?—A. Of course I am not familiar with the statistics so far as the numbers are concerned, but I do know that there are a large number of very worthy and deserving widows who have their homes and their children to look after, and who must of necessity earn for themselves and their children a livelihood; and it seems to me that it would be wiping their opportunities out entirely simply because of the conditions that have been created by this other class of unclean and unfortunate immigrants. The question in my mind, seriously, is whether a large class of good people should be compelled to suffer because of the indifference and the want of thought and cleanliness on the part of the others. The former is the better class of citizens by far.

Q. If they are allowed to continue to work for the public in their homes, on what principle or scheme of policy can you prevent the others from doing the same thing?—A. You can not very well, except as to the sanitary condition of the house and room in which the goods are being manufactured. You will find the Germans, the Irish, and English do not make these goods very much. They do not touch at all these large ready-made clothing orders, and there you will find a very clean and sanitary condition, while in the other homes you are constantly compelled to have a supervision over them.

Q. Would this improved sanitary condition be secured if there were a sufficient number of factory and tenement-house inspectors?—A. It might be. We are dealing more with the people who make the condition rather than the condition itself, because supervision over some of those particular people would amount to nothing unless they could be after years educated to a sense of cleanliness.

Q. The object desired is to overcome the unsanitary condition, is it not?—A. The object that would be desired would be to overcome the possibility of disease and menace to the public health by the carrying out of clothing manufactured under these unsanitary conditions, and the spread of vermin and other disagreeable things that must necessarily follow with goods manufactured as they frequently are.

Q. Would a change of the law in any way or the employment of a larger number of inspectors accomplish that result?—A. An increase of inspectors would, because it would make the visits more frequent. I recognized this condition, and I suggested the passage of a law giving the department the control over the family system as well as the question of the seizure of goods. I think that with both of those laws at the present time fully and completely executed, it would bring all concerned to a realization of the purposes of the State; at any rate, to the fact that they intended to protect the population from any violations that might be brought about by their carelessness.

Q. If a large tax or any tax sufficient to secure inspection were to be imposed on manufacture in houses, that would operate upon the sanitary as well as the unsanitary, would it not?—A. If a manufacturer were to pay a tax upon the houses or places where he had his work done, it would make it so high for certain classes—they could be classified—that it would be prohibitory so far as family and sweat-shop work was concerned. It would bring it under his own supervision; he would become the manufacturer himself instead of dealing it out as now.

Q. That, you think, would impose some hardship upon the widows to whom you referred?—A. Not that part of it, because that would simply bring the contractor and the subcontractor and the man whom we would call the sweater—that would bring him right into the shop; that would make him perhaps all his life an employee rather than an employer. The most of the men employed in the sweat shops aspire to be employers rather than employees.

Q. Good cleanly workers who live in sanitary homes and who need to stay there to take care of their children or for other reason would thus be deprived of an opportunity to earn a livelihood, would they not?—A. There is no question but what they would.

Q. Can you not, from your experience, think of some remedy that would not work a hardship upon that class, but will overcome the unsanitary conditions?—A. I thought, when I suggested this amendment to the law covering the family condition, that perhaps we had accomplished what we desired; but, as I tell you, it is the people whom you deal with; they abuse the conditions that are made for their own best interests.

Q. Do you think of any further statement you would like to make?—A. Not at the present time.

(Testimony closed.)

PHILADELPHIA, PA., December 19, 1900.

TESTIMONY OF MR. WILLIAM J. HUGHES,

Deputy Factory Inspector, Pennsylvania.

The special subcommission met at the Manufacturers' Club, pursuant to recess, at 2.22 p. m., Mr. Clarke presiding. At 3.45 p. m. Mr. William J. Hughes, of Philadelphia, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, post-office address, and occupation.—A. William J. Hughes; 2125 South Ninth street, Philadelphia; deputy factory inspector.

Q. How long have you been deputy factory inspector?—A. Going on 4 years.

Q. Is all your work in Philadelphia?—A. Yes.

Q. Are you assigned to a certain district?—A. The slum district.

Q. Have you ever been transferred to any other district?—A. No.

Q. Where is the slum district in Philadelphia?—A. My district takes in from the south side of Pine street to the north side of Carpenter, and from the Delaware River to the Schuylkill, 26 squares long and 7 squares wide.

Q. Are all the buildings in that district tenement houses?—A. Mostly so.

Q. Homes of the poor?—A. Yes.

Q. And are the inhabitants largely native Americans or immigrants?—A. Immigrants.

Q. Is there any prevalence of some one nationality there or are they heterogeneous?—A. They are mostly Russians, I think.

Q. How long since the Russian immigrants began to come to that district?—A. They were there before I came there, but there has been a very large increase since.

Q. What is their chief industry or employment?—A. The manufacture of clothing.

Q. Do they manufacture it in the houses where they live?—A. Some of them work in shops.

Q. Are the men and the women and the children alike engaged in that work?—A. Yes.

Q. Do you know whether or not they were trained to it before they came to this country?—A. My experience teaches me that the majority of them have learned their trade here. In other words, when they arrive in this country they go to some friend or relative here in the clothing business who brought them from Russia. It is very easy for them to become accustomed to this business, and in some of those cases they become bosses themselves to start in with. Here about 3 weeks ago I came across a family that had just been in the country 2 weeks, and I found this man a boss himself, manufacturing children's pants. The way they go about it is this: They can have a room in their own homes set apart for working. Then they go to the sewing-machine agent, and they can rent machines for \$3 a month. They will get two of those in their homes, and all they want then is an iron and a board to press on. They go to the store and get the clothing, take it into their homes, and manufacture it.

Q. Do they work by the piece?—A. Yes.

Q. Do they generally go and solicit work or are they hunted up by the manufacturer?—A. They generally solicit work.

Q. Is there competition between them in reference to price?—A. Very much.

Q. So that the underbidder, doing equally good work, gets the job?—A. Yes. I can cite an instance of one that went into one of our largest stores in Philadelphia here, manufacturer, and he was getting 60 cents for making coats. The manufacturer wanted him to make them for 50 cents. He said he could not afford to do that. Standing alongside was a fellow-workman who got into a conversation with him when the man left. They went out together, and he came back and he stated he would make them for 40, and so it goes on.

Q. Do you know of any way of preventing that excess of competition resulting in hard terms?—A. No.

Q. Is it your belief from your observations that if there were no laws against the sweating system and no factory inspection, not only the entire clothing industry but many other industries would be degraded to tenement house conditions?—A. Yes.

Q. Then, if these laws have done good work, so far as they go, does not your experience suggest to you some way of making laws to overcome existing evils?—A. The only suggestion that I could give would be to employ more inspectors in the city of Philadelphia. We have only 7. It would require, I should say, pretty nearly 20 for the city of Philadelphia, to cover our districts thoroughly and properly. The home workers are the ones that must be watched at all times, and we can not get to their homes more than once in a year.

Q. How are these inspectors paid; by the State?—A. By the State.

Q. Is the number limited by law?—A. Yes.

Q. And it is left to the chief factory inspector to assign them to districts?—A. Yes.

Q. What is to hinder their getting an increase in the number?—A. (Laughing.) That is too hard for me to crack to tell that.

Q. Is that probably because of the expense?—A. I should judge so.

Q. Would not the State be able to derive needed revenue if it imposed a tax on the manufacturer in unsanitary conditions?—A. Yes.

Q. It is your opinion then that there is a possibility that the law can be improved so as to overcome the evil conditions incident to the business?—A. Oh, yes; some improvements can be made.

Q. (By Mr. KENNEY.) Have you any knowledge of fine merchant tailoring being taken into this district from merchant tailors in Philadelphia?—A. Yes.

Q. And being done under these slum conditions?—A. Yes; mostly all of it.

Q. The merchant tailor who has a fine establishment and charges big prices for his clothing has it done in these districts?—A. Yes; largely so, in mine. That is, by these home workers.

Q. And they are paid for the work how much less than journeymen tailors who work under sanitary conditions would do it for?—A. The tailors work in what we

call the back shop. A tailor works in that shop; he calls it his back shop. The coat made in a shop for \$7 would be made in homes for from \$2 to \$3; and the coat made in shops for \$12 would be made in homes for \$7 or \$8. The home worker will have his wife helping him; he will have his son of about 14 helping him, and perhaps he will have his daughter helping him.

Q. You say that most of the fine merchant tailoring of Philadelphia is done under these conditions?—A. Yes; I do not know of a custom tailoring establishment in the city of Philadelphia that has a shop on its premises.

Q. Are not the people of Philadelphia who pay good prices for clothing imposed upon then?—A. To a certain extent they are.

Q. When they go into these fine shops they are led to believe that their work is done in the rooms attached, under proper conditions?—A. I do not know; I can not say they are led to believe so. I would think a man going into a store would see that the majority of the stores in Philadelphia have not got the long rooms—only have the store.

Q. No upper rooms or back rooms?—A. No.

Q. Would a man going into a store of that kind be aware of that fact?—A. Oh, I should say he should.

Q. Is it not a natural supposition when a gentleman goes into an establishment and pays \$60 or \$70 for a suit of clothes, or \$40 or \$50 for an overcoat, that that suit or overcoat is made under proper sanitary conditions?—A. Yes; I should think so.

Q. And good wages paid for the work?—A. Yes.

Q. Then the citizens or people of Philadelphia are imposed upon?—A. They are to that extent, yes—just as Mr. Milligan cited a case here. I could cite one similar, in the district which I cover. In a room I went into one day I found a coat making for a prominent official in the city of Philadelphia, and the man was working under very unclean conditions. He had a permit there and I was making the rounds of the district, and I went in and I was explaining to him how he should clean his place up and keep it in a better sanitary condition; and while I was explaining there was something picking at my trousers, and I looked round and found a goat right under the table where he was working. I asked him how the goat came to be in there, and he said to me it was one of the members of the family. They had it all around with them. He took me down stairs and I found a few more goats down there. We had to stop his permit. Of course the gentleman that clothing was making for was not aware of the conditions under which his clothing was making, or I suppose he would not have taken it.

Q. (By Mr. LITCHMAN.) Have you in the course of your administration caused any clothing to be destroyed because of the unsanitary conditions of the work being done?—A. Fifteen hundred garments.

Q. Has there been any complaint about that action of the inspection department?—A. None whatever.

Q. They simply knew they had violated the law and they submitted to the penalty?—A. We have the law printed in Hebrew and we have it in English. We furnish each of those people working in the homes with a copy of the law. To the Hebrew people who do not understand English we furnish one in Hebrew.

Q. (Showing witness a paper.) Is this a copy of the act to which you refer and under which you are employed?—A. Yes.

Q. You submit that as part of your testimony?—A. Yes.

(Paper above referred to, being a copy of the Pennsylvania inspection act, follows):

AN ACT To regulate the employment and provide for the health and safety of persons employed where clothing, cigarettes, cigars, and certain other articles are made or partially made, and that said articles be made under clean and healthful conditions.

SECTION 1. *Be it enacted, etc.*, That no room or apartment in any tenement or dwelling house shall be used for the manufacture of coats, vests, trousers, knee pants, overalls, skirts, dresses, cloaks, hats, caps, suspenders, jerseys, blouses, waists, waistbands, underwear, neckwear, furs, fur trimmings, fur garments, shirts, hosiery, purses, feathers, artificial flowers, cigarettes, or cigars, and no person, firm, or corporation shall hire or employ any person to work in any room, apartment, or in any building or parts of building, at making in whole or in part any of the articles mentioned in this section, without first obtaining a written permit from the factory inspector, or one of his deputies, stating the maximum number of persons allowed to be employed therein, and that the building or part of building intended to be used for such work or business is thoroughly clean, sanitary, and fit for occupancy for such work or business. Such permit shall not

be granted until an inspection of such premises is made by the factory inspector or one of his deputies. Said permit may be revoked by the factory inspector at any time the health of the community or those so employed may require it. It shall be framed and posted in a conspicuous place in the room, or in one of the rooms to which it relates. Every person, firm, company, or corporation contracting for the manufacture of any of the articles mentioned in this section, or giving out the incomplete material from which they or any of them are to be made, or to be wholly or partially finished, shall, before contracting for the manufacture of any of said articles, or giving out said material from which they or any of them are to be made, require the production by such contractor, person, or persons of said permit from the factory inspector as required in this section, and shall keep a written register of the names and addresses of all persons to whom such work is given to be made, or with whom they may have contracted to do the same. Such registers shall be produced for inspection and a copy thereof shall be furnished on demand, made by the factory inspector or one of his deputies: *Provided*, That nothing in this section shall be so construed as to prevent the employment of a seamstress by any family for manufacturing articles for such family use.

SEC. 2. Not less than two hundred and fifty cubic feet of air space shall be allowed for each and every person in any workroom where persons are employed at such labor as hereinbefore described. There shall be sufficient means of ventilation provided in each workroom of every such establishment, and said workroom or rooms in said establishment shall be kept thoroughly clean, sanitary, and fit for occupancy for such work or business. The factory inspector and deputy factory inspector, under the direction of the factory inspector, shall notify the owner, agent, or lessee in writing to provide, or cause to be provided, ample and proper means for ventilating such workroom or rooms, and to put said workroom or rooms in a thoroughly clean, sanitary, and fit condition for occupancy for such work or business, and shall prosecute such owner, agent, or lessee if such notification be not complied with within ten days of the service of such notice; and any factory or shop under this act requiring exits or safeguards provided for in the fire-escape law, the same shall be erected and located by order of factory inspector regardless of the exemption granted by any board of county commissioners, fire marshals, or other authorities, and if such alterations and additions are not made within sixty days from the date of such notice, or within such time as said alterations can be made with proper diligence upon the part of such proprietors, said proprietors or agents shall be deemed guilty of violating the provisions of this act.

SEC. 3. A printed copy of this act shall be furnished by the inspector for each workroom of every factory, manufacturing or mercantile house where persons are employed who are affected by the provisions of this act, and it shall be the duty of the employer of the person employed therein to post and keep posted said printed copy of the law in each room.

SEC. 4. Any person who violates any of the provisions of this act, or refuses to comply with any requirements of the factory inspector or a deputy factory inspector as provided herein, shall be guilty of a misdemeanor, and on conviction shall be punished by a fine of not less than twenty dollars nor more than fifty dollars for the first offense, and not less than fifty dollars nor more than one hundred dollars for a second offense, or imprisonment for not more than ten days, and for a third offense by a fine of not less than two hundred and fifty dollars and not more than thirty days' imprisonment; and it shall also be lawful for the factory inspector or any of his deputies, and each and every one of them are hereby authorized and empowered to seize, take charge of, condemn, and destroy any or all clothing found that is being made or partially made or manufactured in unhealthy or unsanitary places, or where there are contagious or infectious diseases, in violation of the provisions of this act of assembly.

SEC. 5. All the acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

WILLIAM A. STONE.

Approved the 28th day of April, A. D. 1899.

JAMES CAMPBELL.

Factory Inspector, Office at Harrisburg, Penn'a.

Q. Is there any amendment to that act, outside of the increase in the force of factory inspectors, that you would recommend as the result of your experience?—

A. Yes. We find in many instances here in making arrests of those people for violations of the law that the cases hang too long in court. We first go to a magistrate and have a warrant issued. The violator is then held in bail to appear

at court. Sometimes the cases will drag along in court for 5 or 6 months or quite a time before there is a hearing, and in the meantime the sweating is going on in the same way. The amendment that I would suggest to it would be that the magistrate have a right to fine.

Q. You think, then, if there were some way of reaching a quicker decision the punishment would more nearly fit the crime?—A. Yes.

Q. Any other suggestion or amendment that you think of?—A. No; not just now.

Q. (By Mr. KENNEDY.) Are there any cigars and cigarettes made in your district under these unsanitary conditions?—A. No; they are mostly made in shops—the cigars in my district. The manufacture in my district is mostly of ladies' underwear, children's knee pants, and clothing, coats, pants, vests, and shirts.

Q. (By Mr. LITCHMAN.) Ladies' underwear is made in these unsanitary conditions that you speak of?—A. Yes; I have seized several of them, some of the most expensive and fine.

Q. What kind of garments were these 1,500 that you say were destroyed?—A. They would take in, I think, in the neighborhood of about 600 pairs of children's pants, 500 pieces of ladies' apparel; and the balance were coats, vests, pants, and shirts. About 3 months ago I received a list from the board of health, and I found 1 case that was in my district. I went there and asked if there was any clothing making in there. They said, "No." I said, "I will have to make an inspection of the house." They said, "What for?" "Because they say there is a case of contagious disease reported this morning, and my impression is there is some clothing making here." I went through the house, and on the second floor I found a lady coming out, and as she came out she closed the door; but as she did so I saw some clothing hanging around on the walls inside. She wanted to lock the door. I said, "You can not do that; I want to go in to see what is in here." I went inside and found 125 ladies' petticoats and different parts of ladies' wearing apparel of the finest material. Some of them were afterwards found to range in price from \$25 to \$50. A child had been taken from the room right underneath with diphtheria. So we had the goods all taken and confiscated and sent to the hospital and burned up. The owner stated that it was a kind of hardship on him. I told him I could not help that; he had no business to have clothing manufactured in there. I said, "Do you belong in this country?" He said he had been here for ten years, but had not become a citizen yet. I said, "Do you not know about the law we have in this city, in this State?" He said, "No." He made a strong plea to save his goods. I said, "I can not do it; I have to do it according to law; the law gives me the right to take the goods, and I have to do it." I understand that the board of health fumigated the articles and saved considerable of them; he did not have to stand the loss of all.

Q. You are assisted in your work, as far as they are able, by the representatives of the garment workers' union?—A. Yes; the garment workers' union help us considerably.

Q. By giving you information of unsanitary conditions?—A. Yes.

Q. And assisting with general information?—A. Yes.

Q. (By Mr. KENNEDY.) Have you ever followed a large lot of garments—ready-made clothing—from this district to large clothing houses in Philadelphia?—A. I did, and seized them in the stores.

Q. Is that work going on all the while?—A. It is not now.

Q. There are no goods made in your district for the large clothing houses?—A. Oh, yes, there are goods made, but under better conditions. Sometime ago—I guess it would be a year ago—there was a house in the slum district where there were two cases of diphtheria—two children—and one was dead. I went into the house and found about 125 pairs of children's pants lying on the bed of the child with diphtheria. I asked the woman where she got the work and she could not speak English, so I took her with me and she showed me where she got the goods. In the meantime, while I was out, another member of the family took the goods and was trying to make away with them. I came to the store where she got the goods from, and going up the stairway I met the other member of the family coming up with the clothing and I seized it and took in that 125 and about 100 pairs more of pants that were alongside of them and sent them to the hospital, and I believe they were burned up.

Q. (By Mr. CLARKE.) Do you think of any further statement?—A. No.

(Testimony closed.)

PHILADELPHIA, PA., December 19, 1900.

TESTIMONY OF MRS. T. H. SYMONDS,*Labor editor of the Philadelphia Inquirer.*

The special subcommission met at the Manufacturers' Club, pursuant to recess, at 2.22 p. m., Mr. Clarke presiding. At 4.05 p. m. Mrs. T. H. Symonds, of Philadelphia, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) What is your full name and post-office address?—A. Mrs. T. H. Symonds, 1109 Market street, Philadelphia, Pa.

Q. Occupation.—A. Labor editor of the Philadelphia Inquirer.

Q. How long have you been labor editor of the Inquirer?—A. For about 1 year or 15 months, but I have been in the newspaper business for 12 years on other papers.

Q. Are you acquainted with those portions of Philadelphia where the manufacture of anything is carried on in the homes?—A. I am. I spent my childhood and young womanhood in that district and went to school there, at least in a part of it.

Q. Please proceed in your own way to describe the conditions there and the methods of that employment, and give any suggestions for their improvement that occur to you.—A. The testimony that I have to give will be largely, of course, in indorsement of what has been said by Mr. Milligan, Mr. Lappin, and Mr. Hughes. My visits to that part of the city have been, so far as sweatshops are concerned, in connection with my work as a newspaper reporter. I can go back and remember that district, as I say, in my childhood and young womanhood, before the foreign population came there, when it was entirely different. I think it was Mr. Milligan who spoke about the time when the German tailors largely controlled the clothing industry. I remember that time, when there was not any such thing as this sweating system, and when the clothing industry was controlled by just that sort of people. The sweating system has been, I think, as you will see from the testimony of Mr. Lappin and Mr. Milligan, a sort of an evolution. The original sweater, as I understood the term in the sweat shop, and as I guess a great many others have too, was very much on the style of the home worker now. The sweating was surrounded with very much the same bad conditions. Things have changed now, and it is the home worker who is a menace to the community, and not the sweat shops. Very recently, within the last year, I was around to some of the sweat shops, as well as to the homes of the home workers, with Mr. Lappin and some ladies of the Civic Club. The Civic Club is a Philadelphia organization of women who take an interest in civic matters of all sorts, and they had made arrangements with Mr. Lappin, being interested, as part of their work, in taking up this sweat-shop system, to take them around; and I was permitted to go around as a reporter for my paper. The sweat shops I found were really well lighted and well ventilated factories; that is what they amount to. A man who runs a sweat shop, as I understand it, goes to the big clothing manufacturer and gets large quantities of clothing. Then he rents a place. The factory laws of the State of Pennsylvania are good, and they have been so admirably carried out that this man is compelled to rent a place that will come up to the requirements of the factory department so far as ventilation and light and the number of cubic feet of breathing space and all that sort of thing is concerned. And I found those sweat shops I think almost without exception to be light and well ventilated and airy places. It was different with the home workers; the conditions there were bad. But I want to say right here that, considering the amount of territory to be covered by the factory inspectors, I think the results they accomplish are simply wonderful. In going around I found several places that were not as good as they might be, although on the day that we happened to go around we did not find as bad conditions as I know exist. I do not know of my own knowledge, by seeing them, but the day we happened to go around, as I said before, the conditions were bad, but they were not so bad as I know they are. The home workers I consider a menace to the community. All that Mr. Lappin, especially, and Mr. Milligan and Mr. Hughes have said about the bad conditions is true, about the prevalence of disease, about the filthy conditions—I do not know whether any of them touched on that, but there were one or two ugly places that we went in. I suppose, of course, the woman of the house was not to blame. The prices paid are very low and the workers have to begin early and work late, and they generally have pretty good sized families, and a woman under those conditions can not be expected to keep her place clean. The children were dirty and the women were not any too clean. And while, as I said before, the conditions were not so bad perhaps as

some that I have heard of, I am sure none of the gentlemen present would want to wear any clothing made in those places. You would not want to wear clothing made by people who live there as they do, that have not had a bath probably since they were washed as babies. And that is the condition with a good many of the Russian clothing people down in that section; they are not at all clean. I did not see any goats or chickens or other live stock the day I was around, but we did not happen to drop into the place where they had live stock. The conditions were in a great many cases as I say. The personal appearance of the people showed that they did not have any great regard for cleanliness of person, and I think that is a very bad condition of affairs.

Q. Is the population in that district very dense?—A. It is very dense.

Q. Can you tell about the size of the tenements occupied by a single family?—A. Well, the houses that I happened to visit, and the majority of the houses in Philadelphia in the slum district—they are now going to have apartment houses on the New York plan—but a majority of the houses down there are old dwelling houses that are totally unsuited for the purpose to which they are put; and I have been in places in which I am sure the whole family could not have occupied more than 2 rooms—that is, a room for the manufacture of the clothing and then a room that was used for general living purposes.

Q. Are there modern sanitary conditions in those old houses?—A. That I can not say; I should not think so. That would be a matter largely that would come under the board of health, I should think. Some of the houses of that sort that I have seen seemed to have conveniences on every floor; for instance, a hydrant and utilities of that sort are in the hall way; but, of course, there is no attempt at having any kind of utilities in each apartment. I have been in some of the houses that have been erected more recently, that are on the apartment house plan. They are not very deep yet they manage to have, say, 3 families on a floor. The rooms are very small, and those two families have their toilet conveniences and their water and that sort of thing in a given place outside—in the hall generally; always in the hall.

Q. How about light? Is that from windows?—A. Through windows; yes.

Q. Do you know any instances of more than 1 family occupying the same room?—A. No; I can not say that I do. I think that the factory laws of Pennsylvania are being so well carried out that I do not see how that thing would be possible. That would be against the law, and I do not see how it would be possible. Of course there is a good deal of cheating and evasion in this thing by the people themselves that the factory department can not possibly prevent. Now, there was a case not very long ago that was brought to a United Labor League meeting, a plan, as I understand, under which people in the home workers' place must be members of his family. Of course, when an inspector goes in these people are presumably all members of his family, but still you know there is no way in which the inspector can really know that they are. Then, as several of the gentlemen have testified, the knowledge of English is very limited among most of those workers; in fact, I should say in a majority of them the knowledge of English is so little that I do not see how the inspectors ever get into their brains even what they do.

I indorse what the other witnesses have said, that the force of factory inspectors is entirely too small. My idea on that point would be that the sweat-shop district should be divided into 2 or more districts; I think it would have to be at least 2 districts; and the factory inspectors who are put on that particular work should have that work and none other. An instance of what the factory inspectors can accomplish was shown in connection with the bake-shop law. I have not seen as bad conditions with the sweat shops as I did with the bake shops. The conditions there were simply awful. When the law went into operation a number of newspaper reporters, myself included, went around with the deputy inspectors to these bake shops. The conditions in some of them were horrible.

Q. Can you describe some of these conditions?—A. There was no regard for cleanliness; the floors were filthy dirty, and the boards that were used for making up the dough were filthy dirty, and the toilet places all opened right out from the place where the bread was baked, and these were generally in an indescribably filthy, dirty condition.

Q. You are now describing the bake shops in the slum district or in other parts of the city?—A. No; the bake shops largely in the slum district, the bake shops that were run in the foreign district. In that district that population has driven out the American population. We found a very few, in going around in the bake-shop inspections, people, for instance, who owned their houses, and the property has depreciated. They can not sell their property, and they stay there. Now, we found without exception that bake shops run by people of that sort were

all right. But I refer to bake shops run by the same class of people who are so objectionable in the clothing industry. Orders were given by the inspector giving a certain length of time in which the proprietors should comply with those orders. Then the reporters went around after the time had been given in which to comply with those orders had expired, and you would be surprised at the change. It was simply marvelous. But that law, unfortunately, like so many laws on our statute books, had a loophole in it, and it was the same old thing, you know—unconstitutional; so that a law that was working admirably was simply of no effect. The big people—the biggest bakers in this town, men who had education, if they were bakers, and who ought to have been the very ones to fall in with the spirit and letter of the law—were the ones who fought it in the courts and who succeeded in finding out that it was unconstitutional. The factory inspectors still continue their rounds with these people, and I think they still continue to keep the most of them, at least, in line with sanitary conditions. But if these ignorant people had known as much as the people who ought to have known better knew, it would have simply been a return to the old horrible and indescribable conditions. But I believe to-day that the bake shops in Philadelphia, through the factory department, are in a very fair condition. As I say, I have had more experience with the bake shops than I have had with the sweat shops, for the simple reason that I went back there. I could see progress with the bake shops, because I went there first when the conditions were so indescribably horrible; and then after the limit of time had expired for the enforcement I went back again, and, as I said before, the change was simply marvelous; so you see what good factory inspection does, especially when it is intelligently and well carried out. I believe that the factory department in the State of Pennsylvania in its officers is very fortunate. I think from my own personal knowledge and observation that the laws are being carried out as well as they can be.

Another evil in connection with the enforcement of factory laws, particularly in the clothing trade, is the fact that parents will lie to get their children into the factories or into the sweat shops to work. It is hard to tell how that is to be remedied. Some of the societies in Philadelphia just now are interested in topics of that kind; labor societies as well as societies pledged for reform are considering now the advisability of presenting amendments to the factory law at this coming session of the legislature that will in some way do away with this evil. It has been suggested that a child who comes before a magistrate with the parents—of course, this refers to a minor child under the age of 16—to get the necessary permit to work, should be compelled to produce either a record from the church in which it was baptized, provided it was a Christian—of course, that would not apply to the Jews—or the school record of the child's admission to the primary school. Of course, the school records contain the age of the child at the time it was admitted. And this is one of the things that was suggested to overcome that evil, because it does not only apply to the city of Philadelphia and to the industries carried on here, but it applies everywhere. I found it applied in the same way in the coal regions to the breaker boys. Where the parents want to put their children to work, they do not hesitate about a little thing like telling a lie. I do not know whether they excuse themselves by not knowing that they are doing so solemn a thing as taking an oath or how, but they do get their children generally into factories to work.

Then there is another point. Of course, as a woman I am more particularly interested in the women and children in factories. Another suggestion has been made. The law of the State of Pennsylvania has certain restrictions. A child must have attended school so long, and the child must know how to read and write. I think the other witnesses will bear me out that there have been cases of substitution, where a child who could not speak English at all has been personated by some other child. How you will get over that I do not know, but there is one thing that could be done. In some cases the magistrates are disposed to take too much for granted. A parent who is avaricious or perhaps suffering from the stress of poverty will go before the magistrate and the magistrate takes it for granted that the child can pass the requirements so far as reading and writing. Now, the suggestion has been made that in all cases where a minor child that way comes before the magistrate, especially if he has cause to believe that the parents are deceiving him either through avariciousness or through the stress of poverty, that he pick up a book and see if that child can really read or write. That is another thing in the line of suggestion.

There was something said here about the immigration laws. I do not know whether I ought to say anything about that or not, but that is a much-vexed question, a question that is agitating within the labor union. When one goes down into the alum districts and sees the conditions that those who have gone there see,

one feels like indiscriminately and rigidly barring immigration entirely for a stated period of years. That has been, I think, a suggestion that has been made a number of times in the past. Still, at the same time, when you take the broader view that after all the majority of us, perhaps our parents directly or some of our forbears, not so very remote, have come to this country; of course, they were a different class of immigrants, I will admit that, but still they came to this country and it seems hard to shut out other people.

There should be an enlargement of the factory force, by all means, and the assignment of as many inspectors as are necessary in the judgment of the chief factory inspector to the slum district to do the work right. It is done right according to the limited force now, but, as the gentlemen have said to you, it is impossible to make the inspection of a manufactory more than once a year. It is impossible to go into the place of the home-worker perhaps more than once a year. You can readily understand that if the inspector goes to a place to-day and he can not go around again for a year, and if this is known by the workers and they know certainly that he does not get around every week or every month, abuses may creep in for which the factory department are blamed, and for which they are not at all to blame. You can understand how that might be, how a man might be complying with all the conditions satisfactorily when the inspector made his visit, and then, trading on the fact that the inspector might not get around for a long time again, when the inspector's back was turned and he knew he could not get there, he might simply not be so particular in a good many points.

You made some inquiry on the subject of whether cigars or cigarettes were manufactured in the tenement district. I do not know anything about that, but I was going to make two suggestions in the line of bettering conditions, from the labor union standpoint. One was the union label on goods. I think it will not be disputed that the union label of the cigarmakers has done away with that evil largely. Now, so far as women's underwear is concerned, there is an organization known as the Consumers' League. There are houses in this city that handle goods bearing those labels. Those labels, either of the Garment Workers or the Consumers' League, are not permitted to be used on garments that are not made under at least fair conditions; and I know that several of the big firms in this city are, through the influence of the Consumers' League, handling underwear bearing that label. You may have to pay a little more for the goods that have the sanitary conditions—I do not know about that—but you are at least sure that they are made under good conditions.

Q. (By Mr. LITCHMAN.) What safeguard have you that the label will not be counterfeited?—A. In the State of Pennsylvania there are several gentlemen who are serving terms in jail or have paid heavy fines for that thing. The cigar makers in particular have their label protected, and are on the alert, so that they have brought suit and been successful in gaining convictions. It is an offense against the State law to counterfeit the label.

Q. What safeguard have you that the label will not be put upon goods made under unsanitary conditions?—A. The union is supposed to have control of the label and of the officials of the union, and if the union itself is honest I do not see how the label could pass from the hands of whoever has it in the union into bad hands if the union carried out its principles.

Q. The label is delivered to the manufacturer, is it not?—A. Yes.

Q. If the manufacturer is having goods made in that way and simply uses the label to be attached to them, of course you can apply the remedy to find it out; but if you do not find it out how are you going to know?—A. You are going into something that is a little too deep for me; I have not studied it up.

Q. Can you give any further information in relation to this Consumers' League, its scope, and its object?—A. I can not give as much information as I should like to; it is national in character.

Q. Is it an organization fostered and encouraged by the American Federation of Labor?—A. It is indorsed, like all good measures are, by the American Federation of Labor—all good measures for the amelioration of the working people. The Consumers' League label represents the consumers. The women who are interested in the Consumers' League label are largely women of means, women who have money to spend.

Q. Do you think that restrictive legislation on immigration, much more drastic than we now have, would be supported by the labor unions?—A. The labor unions, as far as my observation goes, and I think as your own has, are not a unit on that question.

Q. (By Mr. KENNEDY.) They are almost a unit as far as the leaders are concerned who have testified before the commission.—A. They may be, but yet the rank and file are divided, for this reason, that so many of them are direct foreigners

themselves, and they feel this, that they have gotten into this country and bettered their condition, and it does not seem exactly the thing to say, "I am in, but you can not come in;" and this is a free country too, or at least it is supposed to be, where we can all have life, liberty, and pursuit of happiness.

Q. (By Mr. LITCHMAN.) Have you found this fact, that some of the most strenuous advocates of further and the most drastic restriction of immigration have been men that were naturalized citizens themselves, immigrants themselves in the first generation?—A. Oh, I have found that all along the line. I have found that in these patriotic societies. *A good many of the men who are so awfully American and want to reject everything that is foreign are generally just one remove themselves. You will find that all along the line.

Q. (By Mr. CLARKE.) Let me inquire before you proceed whether you belong to a trade union yourself?—A. I do.

Q. So you have inside knowledge of what you are speaking of?—A. Yes.

Q. (By Mr. KENNEDY.) What have the Consumers' League accomplished in the city of Philadelphia?—A. In the city of Philadelphia they have succeeded in getting fair accommodations in a number of stores. They have what they call a white list. The label is only one part of their work. For a firm to be on the white list of the Consumers' League they must observe certain hours, and they must provide seats for their employees, and there are other conditions concerning the work that they must live up to.

Q. Do large department stores, for instance, give the Consumers' League a guaranty that the clothing to be sold in that store was made under good sanitary conditions?—A. I presume if they get the label of the Consumers' League they must answer those requirements.

Q. Do they put the label on any goods in many stores?—A. Yes, I have seen it. The Consumers' League label only applies to women's wear.

Q. Only a women's affair?—A. Yes, it is a women's affair exclusively.

Q. (By Mr. LITCHMAN.) But the operation of it is that if you get it applied to women's wear the conditions, of course, apply generally in the store?—A. Yes.

Q. Like the seating of clerks?—A. Oh, yes; they would have to.

There is another thing I want to speak about, and that is, as I said before, the loopholes that seem to be so often found in beneficial legislation. I do think that the alien contract-labor law should be more rigidly enforced. It seems to me that there are too many loopholes found in that. Now, we have had recently here in Philadelphia a very case in point—the lace workers' affair. That seems to be the trouble. We put laws on the statute books and after we get them there somebody that does not want them to be enforced will hire a lawyer—he has to be a smart lawyer, of course—and he proceeds to find that the legislation is not worth the space it takes up in the book.

Q. Do you think a law can be enforced which is not sustained by public sentiment?—A. I think that public sentiment aids the enforcement of the law without question, whether it could be enforced or not without public sentiment.

Q. If there is a divided sentiment among the trade union leaders, which has proved itself so powerful in other directions, is not the enforcement of the alien contract-labor law handicapped by that influence?—A. I think may be it is; I think possibly it is.

Q. Would it not cease in some degree if some educational work could be done in the trade unions to sustain the contract-labor law?—A. I suppose it could. Of course, on all these questions I have not made a study of them; it is simply as they have appeared to me in connection with work I have had to do. I think they are questions we should all study. The trouble is, we do not do it.

Q. Having referred to these lace workers, will you elaborate that just a little so it will be intelligible in your testimony?—A. Well, the lace makers themselves who are affected—that is, the operatives in Philadelphia—presented very voluminous testimony, which I have not read yet. I believe that the point on which they were admitted was that it was an entirely new industry. Now, I believe that we have lace-curtain operatives and lace makers right in the city of Philadelphia who can do just that sort of work, and I want to further say that there is not a better labor organization in the city of Philadelphia in a good many particulars than that same lace-curtain operatives' union. Strange to say, they are largely foreign; we have very few American workers; they are mostly English, coming from the lace-making districts of England. But the union itself is an admirable one, well conducted in every way; and my experience with the members as delegates to the United Labor League, of which I am a delegate, and was at one time secretary, is that they are in all points intelligent and fully up to the best of Americans.

Q. (By Mr. CLARKE.) Can you tell how long the industry of making lace by machinery has been carried on in Philadelphia?—A. No, I can not.

Q. It is comparatively new, is it not?—A. It is. I do not know exactly what you mean by comparatively new.

Q. Say within 10 years?—A. Yes, I suppose it is as recent as that.

Q. (By Mr. LITCHMAN.) Do you find the conditions in this congested district that you spoke of—that is, the sanitary conditions in the homes and surroundings—to be far different from what they are in the ordinary Philadelphia mechanic's home?—A. Oh, I should say so.

Q. This city has the name of the city of homes?—A. Yes.

Q. And that proceeds from the excellent custom prevailing here of individual homes?—A. Yes; that is it.

Q. But that condition is hardly possible in this section of the city to which you refer?—A. We never had that condition until this Russian and Italian immigration began.

Q. (By Mr. CLARKE.) Do you think of any further statement to make?—A. No; there is nothing I can think of.

(Testimony closed.)

PHILADELPHIA, PA., December 18, 1900.

TESTIMONY OF MR. GEORGE V. CRESSON,

President of Manufacturers' Club, Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. George V. Cresson appeared as a witness at 4.44 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name.—A. George V. Cresson.

Q. What is your post-office address?—A. Eighteenth and Allegheny avenue.

Q. What is your business?—A. Manufacturer of transmission machinery.

Q. What kind of machinery does transmission machinery comprise?—A. Well, there is quite a variety. The principal thing in transmission machinery is the shafting, the bearings, pulleys, couplings, clutches, and a great variety of special things connected with the same thing—that is, you have an enormous quantity of different things in the way of pulleys, a great many different kinds of bearings, clutches, and so on. It is known as transmission machinery. We have adopted that after a good many years; have been at it about 40 years.

Q. What is the name of your firm or company?—A. George V. Cresson Company.

Q. How long have you been established in Philadelphia?—A. Since 1859.

Q. Where do you find a market for your goods?—A. All over the world.

Q. You export then?—A. Everywhere.

Q. You have agencies in foreign countries?—A. No; we sell our goods through commission houses, and our own men travel.

Q. You sell to manufacturers chiefly?—A. We sell to anybody who uses shafting, principally manufacturers, yes.

Q. You may state whatever you choose to in regard to the magnitude of your business, the amount of capital employed, and the number of hands employed.—A. Our capital is \$500,000, and we do a business of \$700,000 or \$800,000 annually.

Q. Are your employees all men?—A. Principally men; we have a few young ladies in the office as clerks, stenographers and typewriters, but the rest are men and boys.

Q. Do they work by piece or week?—A. Both.

Q. How are the larger number employed?—A. We have about 400 hands. They are employed, I think, more by the week. We have quite a large number of pieceworkers, and they are continually increasing. It has become a necessity to work by the piece in certain parts of our work.

Q. Are you able to state about what their wages average?—A. The men average about \$14 to \$15, and the boys will average from \$5 to \$8.

Q. You manufacture from the raw material or from the partially finished product?—A. Our raw material is pig iron and steel—manufactured that much; bars for the shafting and pig iron for the castings. We finish it after that—cast the material and turn the bars.

Q. After getting beyond the foundry, is most of the labor in tending machinery?—A. A great deal of it, yes.

Q. Is your labor organized?—A. I do not know. We have had considerable discussion about that, but we never make much trouble about the organization.

We are willing to have it either way, just so they attend to their business. We do not bother them much, and they do not bother us much.

Q. Have you had any labor difficulties?—A. No; never had a strike since I have been in business.

Q. Are most of your employees American citizens?—A. Quite a number, yes. We aim to have them as much as possible. We bring up our own boys, principally.

Q. Do many of them own homes?—A. A good many, yes.

Q. In the city or a little out?—A. Both. We are about 8 miles from here, and they live around there. We moved there from Eighteenth and Hamilton streets about 12 years ago; were there 23 years. Our company was incorporated in 1892. Of course it takes a little time for a man to accumulate enough money to buy property, and I do not know how many of them have bought property, but I know they are all thrifty men. We give them steady employment from one end of the year to the other, and they never have to lose a day. We have never had to stop our works for want of work, even during the last 10 years.

Q. Does your export business give you knowledge of the conditions of the manufacture of similar goods in other countries?—A. Not particularly, because we have very little to do with that kind of people. We never have had occasion to inquire into what they manufacture for, and we have generally been pretty fully able to meet the market. In fact, we have sent our goods right into Birmingham and all parts of England and Scotland.

Q. How are you able to sell there, by having a different or superior article or making a lower price?—A. No, we only make one quality and never sell for any other price.

Q. Do you make goods especially for those markets?—A. Our regular goods.

Q. The same class of goods?—A. We are the best manufacturers in the country, and we do it as such.

Q. Are many of your employees immigrants from those countries?—A. We have very few English; quite a number of Irish, Germans, Swedes, Norwegians, and not very many Italians—we have Poles. We have different kinds, but we make a selection of our hands and keep them a good while. We do not have many coming and going.

Q. Were they trained to your industry before you employed them?—A. No; they came along as laborers and we trained them to suit ourselves.

Q. Are you president of the Manufacturers' Club?—A. Yes.

Q. Are you in a general way familiar with the manufacturing industry in Philadelphia at the present time?—A. Yes; we come in contact with them all—every kind of person in the manufacturing line.

Q. What do you say as to its prosperity as compared with any other period that you might wish to compare it with?—A. I should say at the present time it is rising. It has been a great deal lower in some branches. There is a very fair business. In certain branches, for instance, the cotton trade has nearly died out here; the iron trade and steel is very busy, and foundry work is busy.

Q. How does this condition compare with that from 1893 to 1897?—A. During that time we had about half as many hands as we have now. Some businesses were entirely closed and some have not recovered from that yet and some never will recover. The withdrawal of the protective tariff was so violently felt here that many people have even felt that there never would be any business again. That was the time we began to export. That is what kept us going. If we had had to depend on the business we had before that time, we would have had to close our works.

Q. Were industries which of themselves might not be very dependent upon protective duties in the same boat with others and suffering?—A. Well, one depends on the others a good deal. You could hardly say that any business was prosperous. It was very remarkable in its unanimity in that way.

Q. Is it your opinion that this depression was caused by the tariff which existed then or by some financial laws which existed then?—A. I think it was dependent entirely on the tariff change. The business had been adjusted to the tariff arrangement all through from one end of the country to the other. It was about the same, so far as I could see, as if the bolt had been withdrawn and the trap went down and everybody with it. It was the most extraordinary thing I ever saw.

Q. Do you think the protective tariff which you think enables you to prosper in your home market stands in your way at all in building up an export trade?—A. No; and I will tell you why that is. You see during the time of the great depression we were obliged to manufacture very cheaply in order to export. Before that time we could export on quality, but we had enough to do at home and we did not care about it. All the mills in this town were running full time, and we

had as much as we could do to keep our own home market right here in Philadelphia supplied. When the change took place, or rather when the symptoms took place, it was very similar to what was seen here just before this present election. A man would begin to find his business did not prosper, and he would begin to pull out. He would stop buying, and then everyone would cease.

There is never a time during the ordinary business times, when business is in full flow, that there are not mills building. Now our principal business is in building mills, and as soon as ever the mills stopped building, of course there was no business here. Then we were obliged, in order to get business, to start an entirely different way of getting it, and the way I did it was this: We found we had only one mill in the place to build, and that was a very extraordinary thing. So I built a large shop, where we could take in very large work—the kind of work we could dispose of—to keep our foundry running, and that work was what made us able to carry on the business during the depression. We could not make any money; it was merely keeping the men going—keeping our organization together. Of course that was somewhat of a new business, and it was somewhat of an expensive thing to enlarge the works in that way, and we were also obliged to put in the tools to finish this large work; and all these things combined rendered the business done not very profitable.

The main thing about running a business is something like water coming out of a spigot. If you stop it off anywhere, it does not run out. With us it is a very small profit, not as in most business; ours is a very close business. When I tell you I built that works at Eighteenth and Allegheny avenue to save 10 per cent, and that we saved more than 50 per cent a year, and yet we do not make more than 10 per cent, you can imagine how close it is.

You spoke of finances; if the finances are not so that people will lend their money freely—of course everybody is more or less indebted to financial people for the sinews of war, so to speak—it makes a check in the business and nothing runs freely; the profits are dammed up. Now, to illustrate that: During the time that there has been this political barrier here—I call it barrier, because it is about the same thing—business has fallen off in two ways. There hardly ever has been a time when it was so difficult to make collections. Just before it was decided that Mr. McKinley was to be elected people absolutely would not order, and they held on to all the money they had; apparently that seemed to be the reason. We never had so much money out, but were unable to get what was coming to us.

Q. You refer to this year?—A. Just now; yes. The most important thing of all in this country is to have this political business entirely separated from the business of the country. The business of the country should be on a different basis altogether from anything that could be affected by politics, and until we can get that done I do not see how we can have steady business. Every change is felt by business men and particularly the manufacturer.

Q. If the tariff could be amended in a few respects from time to time as might be suggested by economic changes, without being generally revised, and if the same policy of tariff could be preserved, would legislation of that sort injure business?—A. I understand you to say that if the changes were made gradually?

Q. Yes; from time to time as economic changes suggest?—A. Yes; my opinion is that is the only way to do it; I do not believe there is any other way to do it and do it properly. I have advocated and felt more and more for years that the sooner we can get at that thing the better. As I understand the way the tariff is altered now, a large number of manufacturers go down to Washington and advocate their special, particular business and try to get the tariff placed as high as possible on it. I do not think it is of any advantage to them. I know it would not be in our business. As far as we are concerned personally, we are not at all affected by the tariff. You might say we are affected indirectly by the way it affects our customers. For instance, the wool man, if he has his business stopped, can not order any of our goods; the cotton man the same way, and so on. Now, in case there is a certain amount of leeway given that man to understand what is going to happen, he can provide a way to arrange his business; but if the thing comes on with a crash, it leaves him in the air, so to speak, and he does not know what to do. That is the effect of this incessant figuring with the tariff in a large way. I believe, as far as I can see in the matter, that there have been a great many more changes in certain things in the tariff than there has been any business necessity for. I am not at all an advocate of a high tariff. I think that as low a tariff as we can get along with, affording a fair profit, is what the manufacturers of this country will prosper under.

Q. You believe in having it protective, but not unduly protective?—A. No; I do not believe anybody should have the advantage in that way. It creates a bad condition of affairs in regard to the enormous amount of money a man makes at

one time, and when that is all cut off he has been demoralized by that operation. He gets in the habit of spending more money than he did and than he ought to and is apt to lose his business entirely. I have known of many instances of it. I have seen it in this club; where men used to spend thousands of dollars they can not now spend so many pennies. A good many have left here because of their being absolutely without means. Some of the principal men here when I first came to this club have suffered in that way, and I mention this simply as being a typical place where we see the different kinds of manufacturers.

Q. (By Mr. FARQUHAR.) Do you know of any way of amending the tariff without opening the whole tariff schedule?—A. The only way I could answer that question would be this: If I find a part of my business does not pay, I make it pay. If there is too much tariff on one thing, why not have it changed so as to be within bounds and be reasonable?

Q. But do you not know the whole tariff is subject to amendment the minute you take it up to amend one paragraph?—A. That is a legal point I do not know anything about, but I think it is a very bad thing if it is so.

Q. Your opinion is that we should take the whole tariff question out of politics?—A. I think it should be made a business question.

Q. You would place it in such a body as the British Board of Trade, where they could make changes to fit conditions?—A. The British have always had the advantage over us in that way.

Q. And we are not able, of course, to do it as long as we are under the present constitution?—A. The constitution ought to be changed then.

Q. You said you did not know much about these labor organizations, whether there were union men in your plant or not; that yours was an open establishment—men belonged to organizations who were your workmen and there were others who did not. Did we understand you that way?—A. I should say this: I have never interfered with my men in anything they wanted to do. I considered they were American citizens and knew better than I did what they wanted. If I found a man was making trouble so that we could not run our business easily, I would say to him, I wish you would not do this; it is causing trouble, and I should think you would know enough not to discuss subjects like that during working hours, because you not only stop your own labor but that of all who listen to you. We have never had any trouble except with a few new hands, and under those circumstances I would say, We do not need your services any more, and that was the end of it. Now, of course, you will meet with men who will want to create trouble. There is a man here—I do not recall his name now—who came to our place one day and said he would like to go through the shop and talk to our hands. He was the chief man, as I understand, in the organization here of machinists. I was not there at the time, but he saw my superintendent, and had a talk with him. He told him that there was no business in his going through our shop and talking with our men for the purpose of talking politics or anything else, and after considerable discussion he concluded we were right. Now that man has been there time and time again to see about this matter. I do not know what he is doing now, but he appears to be in a state of partial quiescence; but he is one of those people whose business it is to stir up the workmen and get them dissatisfied with what they are doing.

Now we had a delegation from our men a short time ago—some of our principal men, and very nice men they were—4 or 5 or 6 or 7 of them, and they were told that all they had to do was to go back to work and not stop the work while discussing the question, and we would abide by anything that was done generally. In other words, there was no use in them losing their wages or us losing their services, and they did that.

Q. Was it a question of wages?—A. Not particularly.

Q. Have you raised your wages since these good times came?—A. We raised about 20 per cent.

Q. You say you have never had any disturbance in your works in 40 years?—A. No.

Q. Is it usual for you to have conferences with your workmen when anything occurs there as to wages going up or going down, for instance?—A. We do not do it that way. There is no particular necessity for it.

Q. How do you deal with your men usually?—A. The men have largely been boys under me. My superintendent was a boy of 14 when he came to me. I am the oldest one in the place now, and I was pretty near the youngest when I started in the business.

Q. You have a long business experience and possibly you know how other cities handle their labor. Is not Philadelphia rather singular in the fact that it has a kind of paternalism, where a man goes into a shop as a boy and stays

through his natural life and his sons succeed him?—A. I will say this, I think Philadelphians have a considerable amount of blood in them, and that is all there is to it. I mean to say this: I think if a man is treated right he will stay with you; if not, he will not. You can lead a horse to water but you can not make him drink. I manage my men very successfully. I can handle my men better than anybody else, because the men have confidence in me.

Q. You have always received them and met any request?—A. Yes, but I have stopped that by changing, when I found it necessary, before they asked.

Q. Have you advanced wages in the same way?—A. Certainly.

Q. What is the comparative difference in the scale of wages in the same class of work in New York, Baltimore, Chicago, and Philadelphia? Are they paying as high wages here as in New York, Baltimore, and Chicago?—A. I do not think they are, but the circumstances and surroundings are entirely different.

Q. Is the living cheaper?—A. Yes.

Q. Is your work steadier?—A. Steadier in our place and in others. We have always had a good reputation for making first-class work, and I have had the reputation for a number of years of being the leader in my particular line of business. We get the cream of the trade and we are able to pay better wages, and yet we do not pay such very high wages, but the men are all treated considerably and they appreciate it. I find that men appreciate what you do for them; but if a man does not, I do not want him. That is the way I look at it.

Q. (By Mr. LITCHMAN.) You spoke of an advance of 20 per cent in wages. Is that compared with 5 years ago?—A. Yes.

Q. How does it compare with the wages under the Harrison Administration?—A. It is a very important thing to keep wages about the same all the time and that is what we endeavor to do. Now, I think our wages are not a great deal higher than they were then.

Q. Then there was a reduction in the period from 1893 to 1897?—A. We never reduce any hands. I will tell you how we do that. We bring up the boys, and after the boys get older we advance them. That created a certain level of wages of all hands. If we do not reduce our men they do not want to be raised. We did not reduce one man during the time we had such dull times.

Q. Then how do you compare your 20 per cent?—A. These men coming in from the outside were raised more and more until we got them to the level of the hands we had before. Recollect we had all the old hands and we increased our force about double.

Q. At first they did not receive the full compensation?—A. We never give them as much; that is the way we select our hands.

Q. Your industry then was specially favored in being employed on a class of work not so much affected by the dull times?—A. Yes.

Q. (By Mr. TOMPKINS.) How would the intelligence and efficiency of your labor and its skill in Philadelphia compare with that of labor in other cities?—A. I think we are fully up to that anywhere.

Q. Has that been brought about more by education and this good fellowship between employers and employee or by trades unions?—A. I do not think the trades unions have anything to do with it. I have never taken that into consideration, but I think if a boy is educated in a certain way he will go on in that way. We educate all our boys so they will make good mechanics. We pick them out for certain kinds of work and put them where they are going to do the best work, and of course we advance them. I always consider that the more intelligent you make a boy the better he is for you.

Q. Do you work an apprentice system at all?—A. We always have done more or less of that. The apprentice system in this town is defective; it should be changed, and probably will some day. We never will have it exactly like it was before. Under the old apprentice system it was necessary for the employer to have his apprentices live in the house with him, and they were taken care of the same as members of the family. Of course that is impossible now and we substituted this arrangement. But we find that some of the boys make mischief. For instance, we took them for 5 years, and when they had got to be about 3½ years along they would go away and hire as journeymen. Well, after supplying a good many of our friends around with good workmen, we made up our minds that we would either drop the one thing or the other. Of course we have some trouble like that now, but still not so much. In the old days one person would not do that to another; but now it is different, and everybody gets all he can. We have quite a number of our boys in a certain part of our shop where we make sort of apprentices of them, and they generally succeed to foremen and underforemen, and, by the way, our Mr. Pessano, who was a boy in our shop, and he is vice-president of the company now and general manager.

Q. What proportion of the working people own and live in their own houses in Philadelphia as compared with the working people in other manufacturing cities?—

A. I do not know about that. I could not say exactly, but the proportion of men holding their own houses is pretty large here.

Q. To what influence is that superiority due mostly?—A. I think it is a great advantage for a boy to live in a house and be brought up with his father and mother, if they are the proper kind of people, over living in either a tenement house or hired house. As many people will tell you, the house is torn all to pieces, and it is a very bad example to the boys to have such things as that, and if the men own their own houses they will take care of them and teach the boys to.

Q. That is not quite the question I intended to ask. How does it come to pass that more Philadelphia workmen own their own houses than men in other cities, when they receive on an average somewhat less wages?—A. Ground is cheap here and building is cheap. I suppose this is the cheapest place to build good houses of almost any place, and facilities for getting around are excellent. You can ride from one end of the city to another for 5 cents. And we have the building societies which enable the men to buy a house.

Q. Is not that a principal reason, and another that regular work is given them?—

A. Yes; a man is employed 300 days in the year and has no drawbacks of any kind. I have men working with me who have been working with me for 40 years, and plenty of them for 20 and 25 years, and I have 1 man who has never lost a day since I have known him, and he has been working for me 35 years, and has worked the same tool all the time. I tried to make him foreman and he would not take it; he said he would rather work that tool. The other day he had a piece of iron to fall on his head and cut his scalp. I took him to the hospital and I had a very nice letter from his wife about it. If he had been my own son, I could not have felt worse. A more faithful man never lived. I was afraid he was killed at first.

Q. In the matter of savings banks, are there special facilities for laboring men and do they use them largely separate from the building and loan associations?—

A. Yes, we have some of the largest in the country.

Q. What rate of interest do they pay?—A. About 2½ and 3 per cent. You can not draw the money out except after so many weeks' notice.

Q. As between savings banks and building and loan associations, the working people save more in a building and loan than in the banks, do they?—A. No; I think it is a better thing for a man to rent his house; it is cheaper than owning it. When a man gets used to a house and likes to stay there, they will come along and sell it; but if you put the money in a savings bank and keep it there, in the long run you will get along better. The house is constantly in need of repair, and you can rent a house cheaper than you can buy a house. Besides, some building associations are not reliable.

Q. Does that not apply to banks too?—A. Yes; and sometimes worse.

Q. One is a system of voluntary saving and the other is a system of more or less compulsory saving?—A. The man that buys a house is pretty much that way; he must pay for it.

Q. (By Mr. CLARKE.) On account of the steadiness of employment in Philadelphia as compared with other manufacturing cities, how do you think the yearly wages compare? Are they as high here as they are in New York and Baltimore, etc.?—A. I do not think they are. You mean equalizing things that way?

Q. I mean all classes of employees.—A. Living is lower here than in any of those cities you mention, and it is better, and on that account they do not have to pay as much.

Q. Then is it your opinion that the real wages which they get eventually are as high here as in other American cities?—A. I do not know that there is much difference except this: Take a machinist, for instance; we usually pay \$15, and they may pay \$16 or \$18. This trade-union talk of wages and all that kind of thing has done a great deal to disturb the general aspect of affairs, and I should think where there is the most of that—which has not been here—the wages have probably increased; but they will find their level again, because it is only a question of how much a man can pay to manufacture a thing. We keep a very close account of the cost of everything we make, a very elaborate cost department, and it would be interesting to you to see that, and I think it would show you wherein the carefulness of Philadelphians comes back to them, so they can understand what they have gained to a hair's breadth.

Q. You think they generally keep a closer account of cost than manufacturers in other cities?—A. I do not know about that; all manufacturers have to do it if they want to know where they are.

Q. How can you keep your help here when business is good in other cities unless your wage scale is about the same as theirs?—A. The men know pretty well the

amount they are going to have left in their pockets when they are through, and there is not much difference; the cost of living, etc., evens it up.

Q. Are you troubled in your business by cancellation of orders?—A. Not very much; no.

Q. Does your knowledge of conditions in the manufacturing industry here generally enable you to express an opinion as to whether that is a great evil and a growing one?—A. Well, yes; I can tell you this much: That there is a good deal less of what is called honor in business than there used to be. When a man gave an order, as a general thing he hung to it. Now people think and do differently; they will leave the man who has the materials bought or got a part of the work done and go to another, because they know it is a question of a lawsuit, and there is no pleasure in that, and not much money in it. I think that has been brought about as much as anything by the extreme competition—I think unnecessary competition.

Q. If that is so, is it your opinion that consolidation of productive industries will tend to abate that evil?—A. No; I think that consolidation of business is productive of something worse than that, and it acts in this way, according to my idea: If I am running a business I know all about it. It has been said by people who are pretty good manufacturers and merchants that when a business gets too big for one head to manage it is not managed, and I think that is so. There have been a great many different kinds of business consolidated, and sometimes for a while they are successful, but if you will carefully watch them you will find they are not successful unless the man at the head of it is a good deal better than the average run of men. In any event, the man at the head of that consolidated concern has a terrible bad life of it. He has to work a great deal harder, just as much harder than each of those concerns did before. He has to be the head of the whole thing. I have seen these men in many cases gradually failing until they dropped out; then somebody else tried to do the business, and they could not do it, and the consolidation fell through. I think business should be done as it has been done to a certain extent, certainly with modern improvements and things of that kind, but the old story will hold good, as it always did. You want to get a business done by men of average intelligence, strength, and health, so as to stand the racket; then you can run the business right. But consolidations to eliminate expenses are, I think, a mistake.

Q. Are you opposed to trade unions?—A. Not particularly; no.

Q. Have the men in your employ ever attempted to organize into a union?—A. Quite a number of times there have been people around to stir them up, but they have not done much. We have not opposed them except when they interfered with the business.

Q. You seem to have a kindly feeling toward your men. If they were unanimously to arrange to go into a labor union in order to have a voice in the fixing of their wages and regulation of hours and conditions under which they work, would you be opposed to them doing that sort of thing?—A. It would depend on how they did it; how much it bore on us in the way of arbitrarily and unjustly interfering with our business. I believe that the consolidation of all the different trade unions and things of that kind is a good thing. It creates intelligence in the men. I think if the employers oppose them they conceive the idea that there is something very extraordinary about it and bad for the employers, whereas if the employers are fair about the matter the men will see that they are fair about as soon as anybody. I think a body of men has a great deal more of principle in it than any one man.

Q. You admit they have a right to have some voice in fixing the wages?—A. Absolutely; they are Americans.

Q. You are aware that the machinist troubles in the United States have been largely settled by agreements, and arbitration agreements based on the understanding that there shall be no strikes and no lockouts?—A. In New Zealand they have the same thing and they never have any trouble down there. Every man there and every employer is obliged to belong to the union.

Q. You are not really opposed to organized labor, then?—A. No; not at all.

Q. (By Mr. FARQUHAR.) Where are your chief competing cities in the iron and steel business?—A. We do not manufacture iron here much in what you might call a big way. The great manufacturing place of iron is between here and Pittsburg, and in Pittsburg and Cleveland and the West.

Q. Did not Philadelphia at one time have a pretty large Southern trade?—A. Yes.

Q. Have you any command of that trade now at all?—A. Not very much; no.

Q. What cities have principally cut in on it?—A. Well, I do not know. I think Pittsburg does a great deal of that trade; it does in our line of business.

Q. So far as the State of Pennsylvania is concerned, is not your iron and steel business pretty well divided up also?—A. Yes.

Q. And in Harrisburg and Scranton?—A. There is the Cambria Iron Company and the Bethlehem Iron Company, but Pittsburg is the great iron center of this State and of the United States.
(Testimony closed.)

PHILADELPHIA, PA., December 30, 1900.

TESTIMONY OF MR. FRANK LEAKE,

Manufacturer of cotton and linen fabrics, Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, at 2.35 p. m. Mr. Frank Leake appeared as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please state your name, post-office address, and occupation.—A. Frank Leake, Philadelphia, Pa.; president of the Star and Crescent Mills Company.

Q. In what line of manufacture are you engaged?—A. The manufacture of turkish towels and kindred pile fabrics.

Q. Made from cotton?—A. Cotton and linen, sometimes wool and worsted, sometimes silk; but the major portion is cotton and linen.

Q. How long has your business been established here?—A. In its present form since 1888; I have been connected with that line of manufacture since 1876.

Q. You may or not, as you please, state the capital employed and hands employed.—A. The capitalization is \$300,000; the number of hands about 300. It varies more or less.

Q. Is there another similar manufacturing concern in this city?—A. There are in this city and vicinity 3 or 4.

Q. And many others in different parts of the country?—A. About as many more scattered about the country.

Q. Where do you market your goods principally?—A. In the United States, chiefly; we do some little export.

Q. How do you sell; through commission houses or directly to retailers?—A. Direct.

Q. What is the condition of the trade in your line now as compared with any former period with which you may choose to compare it?—A. Well, that is rather a broad question. May I ask you to say from what standpoint especially?

Q. Is the industry at the present time prosperous?—A. It is; yes.

Q. Has it always enjoyed about the same prosperity that it does now?—A. No; it has not.

Q. Well, now, if you will go on in your own way and explain the conditions and the causes as you understand them, it may be helpful in leading up to a conclusion as to what changes or remedies of a public character should be applied.—A. I do not know that there were any causes that specifically affected our business different from any other industry, but we participated in the general depression along from 1893 to 1896, since which time there has been a gradual recovery in sympathy with other lines. We have no direct or personal grievance in any way; no fault to find with present conditions.

Q. As far as you know, the laws of the country and of the State are ample for the proper conduct of your business and the enjoyment of reasonable opportunities for the realization of fair profits?—A. That is quite right, as you state it.

Q. Is labor in your line of industry better employed now than it was from 1893 to 1897?—A. Yes; considerably so.

Q. Have wages been increased as compared with that period?—A. Yes.

Q. About how much, do you think, generally?—A. In answering your previous question I answered for the textile trade generally. Wages around Philadelphia have increased very largely from the conditions ruling around Philadelphia, which is rapidly becoming a place for the manufacture of high-grade novelties and specialties in the textile line. This calls for a high class of skilled help, and the remuneration is naturally larger. In our particular trade, while there have been increases of about 10 to 15 per cent in the return for labor, I think the increase has been rather larger in some other lines. We make so many goods that can be counted staple and come in competition with the lower cost of labor in other portions of our own country that we have been unable to respond as fully as some other trades which are predicated more on the idea of novelty and less of the staple.

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Q. Are you chairman of the textile section of the Manufacturers' Club?—A. I am not. I am a member of the textile section, and I am chairman of the sections committee, which has to do with all the various trade sections.

Q. In that position you have acquired some special knowledge of the textile industries other than your own?—A. Yes; I have a fair general knowledge of textile conditions in this neighborhood, and, in fact, throughout the country.

Q. Are you able to mention specifically some of the novelties or new manufactures in the textile industries which have been introduced into Philadelphia within recent years?—A. Speaking in a particular way, it is a development in jacquard loom products, such as upholstery goods, lace curtains, ingrain carpets, certain forms of rugs, and that is about all.

Q. Does Philadelphia lead any other section or city in the country in any of these lines?—A. I should say that fully 95 per cent, rather more than less, of the upholstery manufactured in the United States is made in Philadelphia. About the only large mill not located here has recently removed to this locality. I am also advised that about 95 per cent of the ingrain carpet—you want to specify ingrain because Brussels is made very largely East—is made in this city.

Q. (By Mr. TOMPKINS.) What do you mean by East?—A. I mean New England and New York State—east of here.

Q. (By Mr. CLARKE.) Is the lace-curtain industry a recent importation, as it were?—A. Yes; it is a new business comparatively. It has not been running over 6 or 8 years all told, and the last 5 years have seen its chief development.

Q. Does the product embrace a considerable variety, or are they chiefly of the grade known as Nottingham?—A. It is known altogether, I should say, as Nottingham, although there is quite a variety in fineness of texture even in this one line.

Q. Is there another manufacturer of lace curtains in this State, outside of Philadelphia?—A. Yes; there is one in Wilkesbarre and one in Scranton, that I know of; possibly others.

Q. Do you know of others in other States?—A. I do not. At least I do not now recall them.

Q. Do you know whether or not any of them existed here prior to 1890?—A. I have no knowledge of any previous to that period.

Q. Do you think their industry is successful?—A. Partially so, depending very largely on the ability of the men who are handling the plants.

Q. Do they make a product which fairly rivals in quality similar goods produced in England?—A. I think the product is fully equal, grade for grade.

Q. Do you know of any complaints in any of these lines of the textile business against any particular existing laws or their administration?—A. Referring to the lace business, I have heard more or less complaint of undervaluations.

Q. Is it the belief that the duties are adequate and that it is only a question of administering the law?—A. That is my information on that particular industry.

Q. Do you know whether any complaints have been made to the appraisers or to the Treasury Department in reference to undervaluations?—A. I have no knowledge of such, but I believe there have been, because the men interested are of such a class of business men that they would be apt to state their case and state it clearly.

Q. Do you know whether or not any of the people engaged in this industry, either employers or employed, came from England?—A. In the early stages I know that quite a few came out from Nottingham.

Q. What do you say as to the general prosperity of Philadelphia and the country, as far as you can judge it from the standpoint of a business man?—A. I think the condition is such that the less attempted in the way of change at this time the better. We have but fairly got adjusted to recent economic changes, and it always takes some time to adjust a business to new laws and new conditions, and I think that most manufacturers recognize that no human instrument in the way of law can be expected to be perfect, and we would sooner bear the ills we have than to rush to others we know not of. I think that is the pretty general consensus of opinion. For instance, in the linen trade particularly, the duties on linen yarns, threads, are quite high as compared with the duties on the finished or woven product. The woven product is not protected too highly. In fact, we have very little of linen weaving in this country. Still I think the protection would be ample if the yarns and threads were protected a little less highly. In other words, if the spinner was willing to divide a little with the weaver, I think he could create a market for his yarns by inducing weavers to engage in novelty work of all sorts, with linen as its basis. The matter is not of such crying importance, however, that anyone is liable to take it up and condemn any system because of any little inequality that may be there. I think that same thing appears at times in the cotton industry. Generally speaking, the cotton industry,

both for yarns and finished product, is properly and sufficiently protected, but where, as is the case with a great many of the products made around Philadelphia, the goods contain a variety of counts and numbers in yarns, and the element of labor entering into the construction of the finished product bears a much larger ratio to the cost of yarns than the ordinary staple product like print cloths, shirtings, or sheetings, the protection on the finished article sometimes proves inadequate. In other words, the protection on the yarn is probably quite sufficient ordinarily. It is entirely inoperative from the simple fact that the market for cotton yarns is way below the importing price, but it has occurred within this last year that prices for cotton yarns have been manipulated, and when that occurs it is apt to curtail the market for novelties and things of that kind made around Philadelphia, where the manufacturers for the most part buy their yarn product, because of their changing output, which requires one year one class of yarn and another year another class of yarn, so that few weavers in Philadelphia do their own spinning. They are dependent upon the market, and if that market is subject to manipulation it sometimes happens that the market for the finished product is curtailed. That was so to such an extent this last year in our own particular industry that I was compelled to withdraw a line of samples from Australia, where I was just getting my toes in the sand for a little export business.

Q. Are you able to state where most of the cotton yarns consumed in Philadelphia are produced?—A. I should say the larger bulk, and I think, probably, the larger value, is made in the South. The finer yarns, we will say about fifties—the most part comes from New England.

Q. You speak of prices as having been manipulated. Is that the result of any combination or trust?—A. I know nothing further in regard to that than the published report, giving a meeting of the spinners, wherein prices and price lists were subject to regulation. That is a matter of public notice in all newspapers from time to time.

Q. Are such meetings and agreements and fixing of price lists a new development in American industries, or have they been common for years?—A. I think, human nature being what it is, whenever opportunity offers, it is apt to be taken advantage of, and I judge it has always been so since the days of old Ramees.

Q. Are many goods, either in the line of partially manufactured articles, which you finish here, or in the line of the finished product, imported, and do they compete with your products in Philadelphia?—A. Quite a few are imported. There always will be in novelty productions importations of different styles. No one man or set of men can possibly produce all the novelties, and very frequently the question of the construction of a fabric, or the matter of a design, is the controlling factor in establishing a price, and the weight per pound has very little to do with the price per yard.

Q. Do the Philadelphia manufacturers of fancy goods originate the styles to any considerable extent?—A. To a very great extent; to such an extent that buyers for jobbing houses—wholesale houses, I will say—and department stores in visiting Europe, we will say, to purchase upholstery, very frequently on their first visit will load their houses with a lot of foreign designs which they think desirable, but which they find don't sell in this market. This has been the case so frequently that quite a few buyers have lost their positions from this mistake. The development of the upholstery business in this country has been such that in character and extent and general suitableness of the line it is of original and unique value for this particular market, and to a greater or less extent this will hold with other lines of novelties as the manufacturers study closely the wants of the country.

Q. Are such foreign designs as are thought desirable here quickly reproduced here?—A. Yes; the foreign samples are pretty thoroughly scanned, and any idea which can be adapted is very quickly caught up—seldom produced in its exact form, but the idea will be embodied in a fabric which is more suitable, or in some form which is more desirable in this market.

Q. Do you know whether or not any of your textile manufacturers employ agents in European manufacturing centers to quickly discover and forward here designs that are considered novel and attractive?—A. There are established foreign agencies for this purpose, which circulate foreign samples in this country. They have subscribers here to their works and samples, but they are only, as a rule, to post the manufacturer on the highest state of the art as ruling in the various countries, not necessarily to copy.

Q. Then that furnishing of novelties has become a business of itself?—A. Yes; conducted by the foreigners themselves, and not specifically employed by any individuals here so far as I know.

Q. Have your textile manufacturers experienced benefit from the textile school?—**A.** Yes; where they have been wise enough to appreciate it. Many of them do, and it is of benefit; but as it so frequently happens in other things, the prophet is never without honor except in his own country and among his own kindred.

Q. What do you say as to the importance of high education in art, particularly in designing, and thorough professional education in regard to textile machinery and manipulation of material?—**A.** Its importance can not be overestimated. At the same time we who are practicing the arts must keep ahead of the schools. Their curriculum must follow.

Q. Has the manufacture in the textile industry advanced as far in this country as it has in foreign countries?—**A.** Rather a broad question. The answer will depend entirely upon how it is viewed. We have advanced farther in some ways. In other ways we have very much to learn. The difference is largely as to method. I have in mind a number of lines which are touched very lightly on the other side and their cost is correspondingly enhanced. Here we prepare and handle in bulk, and bring suitable processes into action as far as possible in novelty lines, making larger quantities and at a corresponding less cost per unit. I do not know how to illustrate that better than to say it is analogous to development in railroad lines. Our railroads here will handle tons at very near the price that some of the Continental railroads will handle hundredweights. They are equipped to handle in bulk; cars are heavier, engines larger, and they have solved the problem of great distances. The foreigners impress us somewhat in this way, as playing at the business. There are some forms of our industry here that are handled on the same basis, wherever they can be. When it comes to the differentiation of product and a very fine development in small quantities to satisfy a small market, they are ahead of us, and naturally will be for some time, as the world has been accustomed to look to them for these little etceteras; and while any one market would use but a few, the world combined makes it worth while for some one manufacturer to undertake it.

Q. Has there been a noteworthy advance in the higher and finer grades of textile goods in this country since 1890?—**A.** I think your date a misleading one to judge from. There has been a marked advance since 1876. The Centennial Exposition gave a great impetus to all this sort of thing. 1890, 1892, and 1893 marked a very high development, but the general depression in business in 1894, 1895, 1896, and 1897 retarded it, because for the most part the demand for goods was in lower and cheaper grades, and manufacturers took the turn of appearing to give more than they actually did; everyone wanted a big thing for the money. This naturally retards artistic development. It may increase certain lines of manufacture. But since 1896 the development has again gone forward and is certainly beyond what we knew in 1893.

Q. Do you know any reason why we can not successfully produce in this country all of the finest fabrics to which the human family has become accustomed and which it considers desirable?—**A.** I know of no reason, except as before stated, that in these very fine products, the demand is so limited that it is not worth while, and that such fabrics are usually affected by local conditions surrounding the growth of the industry where it now exists, which are very hard to transplant.

Q. Is there any ribbon or velvet manufacturing in Philadelphia?—**A.** There is velvet and plush; I presume there is ribbon; I do not recall any now.

Q. Are those articles, like ribbons and velvets, illustrations of your idea that those productions depend on those conditions?—**A.** Hardly think it can take the place of staples to-day. Many fancy articles, such things as passementeries, and very fine grades of silk brocatels, where one piece would be made to the order of some potentate, and goods of that character, are apt to be woven on hand looms in some little hamlet where the workman has his yarns weighed out to him, and he has an order for just 1 warp. When that order is completed, and he usually takes his time in doing it, the item of labor, although it is skilled labor, is not a very great item in the matter of cost, and he completes his order and bides his time until he gets another order. Outside of this character of material I see no reason why we should not make every class of textile.

Q. Is there a large variety of machinery employed in these textile industries, and is much of it of American invention and manufacture?—**A.** I should say the most of it is of American invention and manufacture. The word "large" is rather comparative. There is what would appear to be a great variety, to the uninitiated, but it soon falls into certain lines, and the paths are well known, and the variety is not so great.

Q. Has the textile trade in Philadelphia any complaint to make of railroads or classifications on the railroads or steamship lines?—**A.** I have no complaint to

make. I do not know what the trade in general think about it. There was some agitation of the subject at the time the new classification was adopted. There had unquestionably grown up through a number of years some abuses in this way, which the railroads in their new classifications sought to correct. I think while they were at it that in some cases they overstepped the mark and grabbed in everything they could, and it was a pretty general rise in classification of rates; but I think the most of us have adjusted ourselves to conditions again. While some of the charges seem to be excessive in textiles, the percentage of freight, as figured in the cost of goods, is not a large one, as compared with more bulky and less expensive materials.

Q. Has there been any concerted effort in the textile trade of Philadelphia to secure foreign markets for any of its products?—A. I think not, except such as may be exercised through the National Association of Manufacturers and their established agencies, and through information received and collected by the Commercial Museums. There are some things in that line which it might be profitable for manufacturers to work in concert with, but for the most part, the securing of export business is like the securing of domestic business; it takes personal application, industry, and a knowledge of the subject and touch with the men. Anyone who thinks there is a royal road for securing an export business better save his money and invest it in a little personal work.

Q. (By Mr. TOMPKINS.) You spoke in the early part of your testimony of manipulation of the yarn market. By whom was that supposed to have been done?—A. I simply spoke of what was current in the newspapers at the time the Cotton Spinners' Association of New England and I believe the Southern Cotton Spinners' Association held meetings, which were quite freely reported in the daily press.

Q. You think perhaps they had some influence in raising the price of yarn at that time?—A. I think it is a fair presumption.

Q. Well, in the present condition of the yarn market, would you think that they are influencing it?—A. Not to anything like the same extent. I think supply and demand is having more to do with it now.

Q. Is it relatively high or low now as compared with the price of cotton?—A. I think it is about on a level.

Q. (By Mr. FARQUHAR.) You said that very often in selling those novelties the question of how much of the fabric entered into the article was not to be considered. Are we to understand that it was a question of the design of the novelty of the fabric, that sold it?—A. I did not say that it was not to be considered. I said it was relatively less. In many of the higher grades of fabric the question of style has much more to do with the salability, and the price or the value which the trade would put on it, than the pound weight.

Q. As these fabrics are for well-to-do people and rich people, is it not a fact that your novelties and still newer designs sell your goods quicker—kind of a substitute for the fabric itself?—A. No, that is too far to go. Every fabric must have merit inherent in it. It must be adapted for the purpose to which it is applied. Then after the question of utility is considered, the question of design has much to do with the buyer's choice.

Q. Has not higher education, and the applied art, a great deal to do with giving you a market and customers?—A. It unquestionably has. There are some things that can not be created without the proper atmosphere in which to create them.

Q. Even the best business men in the world, in running a manufactory, especially where novelties and new designs come into the market—is it a benefit for them unless they are up to the times and ahead of the times; that is, unless their design comes into the public eye—the purchaser?—A. I know of one man who has made a fortune in this town in making another fellow's goods cheaper. He is a little behind the market on style, but he is always below the market on price. So that is a hard question to answer altogether. But, speaking generally, the question of design is very helpful and has much to do with creating a market for goods. Is that what you wanted to get at?

Q. That is the point. I wanted to know if there is an encouragement for Americans to go from the factory, and the accounting room of the factory, into higher education and application of arts.—A. I think they are doing that thing as far as it is practical. As I before remarked, the practice in the shop must precede the curriculum of the schools. At the same time every good business man and manufacturer should be glad to encourage the schools in order to give a reservoir from which he can draw help of a certain character, and to which he can turn. All these things tend to create an atmosphere or condition which makes for success, and I think it is being pretty generally appreciated by the leaders, if not by the rank and file, in manufacturing and business life generally, and it is becoming more and more fully appreciated all the time.

Q. You will probably reach the time when your designer will be about as good as a superintendent, and as needful?—A. The designer to-day is very frequently paid more money than the superintendent.

Q. You spoke of 1876, the National Exposition. What is your opinion of all expositions succeeding that, where there have been exhibitions of competitive lines from all manufacturing countries of the world? Has it made much advance in manufactures? Has it been an incentive to manufacturers?—A. Yes; there is a great advance, more in adapting things to certain purposes and extending markets, by increasing the number of uses to which things can be applied. In another sense it is not true that there has been any advance. The textile business, for instance, is very conservative. There is a record of linen spun in Pharaoh's time, finer than anything of the kind which could be attempted to-day, and yet we have many millions more yards of linen adapted to many more purposes, better adapted to the use, as extant in myriad ways, and I should certainly say that the linen industry is way, way ahead of the linen industry of Pharaoh's time, and yet there was spun in his time a finer fabric than is spun to-day.

Q. The diversity of the manufactures that arose from the exposition of 1876, and, of course, by examination of the products that were exhibited here, comparison of them and the means of manufacturing, and all that—don't you think that was quite a great help to the American textile industry?—A. Undoubtedly. Prior to that time we had been living in an air of black broadcloth and haircloth furniture.

Q. Don't you think any nation which intends to bring up a higher civilization among its people must seek by all means to diversify the industries of that people so that the adaptability of all its inhabitants can be made use of in the commonwealth?—A. Unquestionably; so that we, as citizens, should all be interested in the development of every portion of our country, so that the entire level can be improved.

Q. (By Mr. LITCHMAN.) What are the relations between the lines of industry which you represent and the labor employed therein?—A. Harmonious, for the most part.

Q. Do you come in contact with the textile workers' union, or branches of it?—A. I scarcely know the title of any of the unions; I know that they exist, but we have always settled any differences that we ever had with our employees on what were conceded by them and ourselves to be equitable lines, and we have had but little cause for complaint. I speak from a personal standpoint.

Q. There is no objection on your part or that of your association, so far as you know, to labor organizations?—A. I think not, so long as they keep within legitimate bounds.

Q. Do they meet you by direct contact as your own employees, or do they have their business agents through whom differences are adjusted?—A. I have had very little personal experience along those lines. The first contact, of course, is always with the employee. In case of dissatisfaction it is apt to reach outside, and then the labor union interposes—some representative of theirs.

Q. Do you see any evidence of a nearer approach to harmonious action between labor organizations and organizations of capital?—A. I think there are many evidences of harmony or an approach to harmony. I think the force and power contained in each of those elements are being recognized and, to a certain extent, respected by both.

Q. On that basis, if there is conservative action, the interests of both can be promoted?—A. Usually. My observation leads me, however, to say that it very frequently happens that there is not conservative action, and then there is a test of strength, and finally the labor union will promise to do certain things which they are sometimes unable to fulfill. When they fail in fulfilling their obligations, I think for the most part they discipline the employees; but it very frequently occurs that they are unable to deliver the goods.

Q. That inability, however, is not from unwillingness?—A. No; I think not; but the employer is always at the disadvantage of dealing with people who have no direct interest in the issue, and who have no pecuniary standing to reimburse him for any damages for failure of contract.

Q. You said that you had to deal with men in the settlement of disputes who had no interest in the question?—A. I said direct interest.

Q. Explain what you mean by direct interest.—A. I meant they were representatives of an organization, and had no direct pecuniary interests in the settlement of the dispute.

Q. No direct pecuniary interest as applied to the mill in which the settlement was reached, you mean?—A. Yes.

Q. Have they not been selected as a result of a custom that has heretofore existed, by which men serving on committees of the employees directly were dis-

charged because they gave such service?—A. That may have been so; no doubt was in many cases.

Q. Would there be any objection on your part to a law under which an attempt at conciliation should be made previous to a strike?—A. That is too broad a question to answer either yes or no, but I will answer it.

Q. You will pardon me for an interruption. I wanted to lead up to your opinion on the question of arbitration and conciliation.—A. I understood that perfectly. Those things can seldom be accomplished by legal enactment. If laws are well considered they may be helpful. There is a condition coming about where each side to the controversy, recognizing the strength and power of the other, is becoming willing to consider and settle such questions; and many organizations of both labor and capital are undertaking to bring a condition about in their various trades to prevent strikes. My own opinion is that this can be best brought about by regulation within a trade rather than by legal enactment, and no doubt will be brought about when conditions are ripe to that end. When it comes to legal enactment I think one of the most helpful things from the laborers' standpoint would be that labor organizations should be incorporated, have capital, power to sue and be sued; then the employers would feel they were dealing with responsible bodies in the event of any breach of contract, and there would be redress. I think it will finally come to this. No one doubts the right of labor to combine for protection, nor the right of capital to combine for protection and profit—you might say labor to combine for protection and profit. Does that answer your question?

Q. That is very full and complete. Now, one step further. Supposing a condition where the organization of capital, or the employer, refuses peremptorily to deal with the employees in relation to a grievance; would you favor legislation that would compel such mutual conference?—A. I think that largely depends upon whether the question at issue is one involving franchises over which the State has control or quasi control. I think it unwise to legislate as against individual personal liberty, and I do not think it possible to say to any man that he must employ another willy-nilly; he may not have the capacity to employ him, or, having the capacity, may not have the means to pay him. If you legislate that he must, you must be prepared to legislate the means into his pocket.

Q. My question was not directed so much to arbitration as to an enactment which would compel the one side to confer with the other side as to the grievance, leaving out the question as to the settlement of the grievance, but to confer upon it before any strike should be undertaken on one side or a lockout ordered on the other.—A. The only difficulty is unreasonableness on either one side or the other; and as men's minds are constituted, and as we can never know the whole truth, and therefore never be able to say what is unreasonable, I can not see how legislation will avail at that point. I think, however, much complaint from this cause would be eradicated if, as I said before, labor unions were chartered, with power to sue and be sued; then they could enforce respect.

Q. (By Mr. KENNEDY.) Was there a reduction generally in the wages paid to employees in the textile industry in Philadelphia in the time of depression, 1894-1897?—A. I think there was a slight reduction pretty generally; much of this, however, came from adjustments. Many novelty fabrics are paid high when first introduced and until the processes become more thoroughly set and understood. It was remarked among manufacturers in Philadelphia that it was surprising that there was so little reduction considering the condition of trade.

Q. Was there much loss of wages by the reduction of forces in the industry?—A. Yes; I think that produced quite a marked condition here. Many novelties ceased almost altogether. People in depressed times are not buying luxuries; many high-priced goods were dropped out of the lines for this reason.

Q. Has there been a remarkable increase in the number of people employed in the industries of Philadelphia since this present era of prosperity?—A. Quite so; to such an extent that there is a scarcity of labor in many lines.

Q. Has there been any marked increase in the wages paid in the different industries?—A. There has been a pretty general increase, and methods have improved likewise, which brings an increase indirectly.

Q. Have you any statistics that you could give in an official way in regard to the number who were laid off during the hard times, the decrease in wages, too, the number that have been employed since the good times have set in, and the increase in wages?—A. I have seen many statistics of that kind, but we see so many that are misleading that we get to classifying them "as the white lie, the lie, and the damned lie or statistics."

Q. Have you nothing official in your club organization or section organization?—A. No; we are so very familiar with those conditions as they exist immediately around us that we do not find it to be necessary. We might read it as a

matter of news or a matter of general interest, but we would not provide for them here. And then, too, while the club is something like a family, and we get together on matters of common interest, we would not be apt to come up and one individual say to another, "I have got 50 per cent of my people laid off." He might give that information to some officer of the Government, to be used in blank, where he would not tell his most intimate friend or next-door neighbor.

Q. Have the textile manufacturers or employers, in their profits, and the workers, in their wages, been affected by competition from the South?—A. In the more staple lines of goods, low and medium grade goods, unquestionably, to such an extent that many lines of that sort have been discontinued in this vicinity, and others have taken their place. They forced us a little higher up the scale; that's all.

Q. That is, connected with that class of goods?—A. Yes; where the market may be more circumscribed, yet returns are more satisfactory.

Q. (By Mr. LITTMAN.) Can you designate by the number of yarns or any trade term how far that competition has taken the manufacture to the South?—A. Yes. I presume you refer to cotton industry now?

Q. Yes.—A. This is not a big spinning market. It is a weaving market, and it would be more in the fineness of the texture, the woven texture, that the line of demarcation would occur, and of course there are a great many finished products.

Q. Is not the fineness of the finished product dependent upon the fineness of the yarn that is used?—A. Yes; speaking in a broad way. The most of the fabrics, you might say, made from forties and under have gone South. The rest of it, for the most part, has remained here, although the South is making some fairly good goods above forties and above fifties. But the bulk of the Southern output, I think, will be below twenties even, although I think about forties would be a good dividing line. Just about there is the merchantable line. Of course you can make hundreds down there, but you are not making them for the market.

Q. As a matter of comparison, would you state about how fine a yarn you make here in the Northern part of the country?—A. Most of those finer yarns are made in New England. And they can make and do make from forties even up to one hundred and fifties, but from above 100 and up to 150 the imported yarns are apt to contest the field with them a little, and the success of the contest depends largely upon the supply and demand and conditions. When it gets above 150 the market is so small that it is left almost altogether to the foreigners, with the exception of such concerns as are spinning for cabled threads, what you would know as sewing cotton.

Q. (By Mr. FARQUHAR.) The weavers in Philadelphia here find, of course, that the spinning ought to go nearer the cotton itself. Have they established spinning mills in the South and weaving mills here?—A. Very few, directly. Many of them have capital invested.

Q. Interested there?—A. Yes.

Q. So that that somewhat gives stability and permanence to the Philadelphia manufacturer—that is, he is not compelled to take his weaving away down to the spinning section?—A. It depends upon the class of weaving.

Q. Is there any danger, in your present view, that possibly Philadelphia manufacturers will have to go down South and do weaving?—A. No, not at all. Philadelphia people are all thoroughly well employed at better wages; but the matter is becoming dependent on the loom and the market, with the Jacquard being utilized, and the machine loom being utilized to an almost universal extent.

Q. (By Mr. TOMPKINS.) Being put every day on a more permanent basis—your weaving at home?—A. Yes, at home.

Q. (By Mr. FARQUHAR.) It does not affect the permanency now in making these spinning mills in the South auxiliary to your mills here?—A. We certainly depend on them for a very great deal.

Q. It is a good deal better to have the ownership and get into the open market and buy down there, is it not, in spinning?—A. No, I think not, specially.

Q. I rather judged from a part of your testimony that there had been some little bit of combining between two associations, to look over business propositions of that kind, looking to their own particular industries?—A. I think that was a passing condition. If they do it too fine they will perhaps suffer on the other hand for it. It is like some of the other ills that have carried within themselves their own correction.

Q. I understood you to say you believe in the employer and employees doing their own conciliation and arbitration?—A. Wherever it is possible. I believe always in striving to get at the truth. It is only a very small segment of it that we can get at best.

Q. But you think that what is now becoming very common in this country—these trade agreements like between the National Association of Founders and

the International Molders' Union in this country, whose arrangement lasts 12 and 18 months—that these trade conciliation and arbitration agreements are for the true interests of both sides as a way of settling all disputes?—A. Yes.

Q. You think it is the natural way?—A. Yes; I think it is best always for people to get well acquainted with one another. There is always ground of suspicion where there is ignorance, and unless people are well acquainted they are certainly ignorant of one another.

Q. Seemingly you have in Philadelphia here a kind of paternalism in your way of employing, and in the long, steady work you give your men. Has there ever been in this city any very strong, what they call union or trade-union central organization?—A. This was the headquarters of the Knights of Labor during the acute stage of that disease. (Laughter.) I think perhaps we suffered from it here less than some other portions of the country because of the very paternalisms which you refer to. Most disputes were settled in a family way; but where they could not be settled in that way we took the strong hand. It was a disease at that time; I hope it paved the way to something better.

Q. (By Mr. LITCHMAN.) Have you not an organization of the American Federation of Labor here at the present time?—A. I could not answer that. I presume there are various organizations about here, but locally we have very little trouble. (Testimony closed.)

PHILADELPHIA, PA., December 20, 1900.

TESTIMONY OF MR. WILLIAM H. DIXON,

Merchant Tailor, Philadelphia.

The special subcommission met at the Manufacturers' Club, pursuant to recess, at 2.35 p. m., Mr. Clarke presiding. At 4.05 p. m. Mr. William H. Dixon, of Philadelphia, a merchant tailor, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) What is your post-office address and occupation?—A. My address is 17 South Ninth street, Philadelphia; I am a merchant tailor.

Q. Is there a merchant tailors' organization in the city?—A. Yes.

Q. Are you a member or officer of it?—A. I am a member of the Merchant Tailors' Association of Philadelphia, and was president of it 3 years, until 2 years ago. I have been an ex-president for 2 years.

Q. We should be pleased to hear such statement as you may wish to make concerning your industry in the city.—A. I came more particularly for the express purpose of answering some of the testimony which I noticed was given here yesterday in regard to the conditions under which much of the work of our organization is made, which I want to say was entirely unjust to the conditions existing, as we know the merchant-tailoring business. There are possibly three classes which the public know of—they are all classed as merchant tailors, in their judgment. For instance, there is the better class of merchant tailoring; there is the tailoring which is called tailoring to-day, but which is really manufacturing of clothing; and then there is the clothing business. Those are three really distinct subjects. But as I read the information in this morning's North American, it puts the manufacture of the tailor's garment into a class which I think is more of the ready-made clothing business. The conditions under which these garments are made was the consideration. It stated, I believe, that they were made where diphtheria exists, and carried into homes where several thousand garments were destroyed through the exertions of the inspectors. It would be simply an impossibility for 12,000 or 15,000 of merchant-tailoring garments to be destroyed, because they are not made in any such quantities; they are made singly. These inspectors—I happen to know considerable about that law, from the fact that I assisted the inspectors in getting up the law and putting it into operation. We welcomed that as a very good thing; we assisted them in every way possible. I was president of the association at the time, and they thanked us when they got through for the assistance that we rendered them and the help and assistance that we gave them in putting it into operation. They proposed to make an inspection of all the premises wherein tailoring goods were made, and upon our part we were to obtain a certificate of inspection before or at the time we gave out the work, and all our employees are under that inspection by the State of Pennsylvania. Only to-day I had, as far as I was capable, a young man go over the entire territory south of Market street to make sure of my ground. I presumed I was right, but I wanted to make the statement positively, that all the men

that are working for me have the inspection of the inspector's department of the State of Pennsylvania, and they have been inspected more or less closely during the last 2 or 3 years. In one case I found, according to the statement, that the inspector had not been there for 2 or 3 years; the balance of them said they were inspected every 2 or 3 months.

The statement which I make the greatest objection to is that there is not a single tailoring establishment in the city of Philadelphia which has a workshop in the establishment. That is wrong; it is wrong to the trade and wrong to the individuals who conduct their trade in a proper way. I have connected rooms in good condition, which are inspected and pass inspection, right in my own establishment; and I think that testimony must have been directed to the conditions of the clothing trade. I do not know much of the conditions of the clothing trade, but I know sufficient in an indirect way that it must apply to that rather more than to the merchant-tailoring trade. And I wish to correct that impression going out before the public that the merchant tailors as a rule or as a class have their work made up under such conditions as stated in the testimony that was given yesterday.

Q. (By Mr. KENNEDY.) An inspector and an ex-inspector both stated that no gentleman in Philadelphia could feel sure that his garments were not made under those conditions—in the slums and unsanitary conditions. He said that all of them sent their garments out to these families in tenement houses to be made.—A. Then that must be through their fault that they do not inspect.

Q. They admitted that the force was so inadequate that they could not get around more than once a year.—A. Yes; I came across the fact to-day through my young man's investigation. He went down to one place that had not been inspected for 2 years. That was in one case only. Of course, the conditions and the customs of our trade are and always have been that it is not possible to make up our work in factories, or in a building, or in a room constructed entirely for that purpose, simply because as a rule the men will not work away from home. They have been so brought up, and the majority of them are ignorant, and they are not susceptible to receive the change or progress. A great majority of them are foreigners, and you must appeal to their prejudices almost rather than to their sense. The habit of the trade has been, ever since I have known it, that they make their work at home, in the dull season, as we call it, July and August and January and February, when we have little or almost nothing to do. In the fall months—September, October, November, and December—they have a great deal more than they can comfortably do; they work into the night or early in the morning in order to make their wages or their pay see them through the dull season; and there does not seem to be any way yet to overcome that condition.

Q. When you send your garments out, do you know exactly into what class of houses they go?—A. Always; speaking for my own business.

Q. One of the inspectors testified that he gave an order for a \$25 suit of clothes—business suit—and he traced that suit into one of these tenement houses, where a man was making the coat for \$3; and I think he said he could have had at least \$7 or \$8 for making it. He refused to take it from the tailor, and the merchant tailor told him if he had known it was for him he would have put about \$10 more work on it.—A. I knew a Mr. Milligan when he was an inspector, but never made any clothes for Mr. Mulligan nor any one of the inspectors. Mr. Campbell was the chief inspector and Mr. Milligan was an inspector, and I was president of the association and Mr. Backe was our secretary, and is yet. We had several conferences—got together in the matter. They used the line that they use in Boston in their inspection work. Where a stranger came into the city as a stranger, they gave him a temporary certificate in order that he could obtain work; and upon his getting into his room and having it in proper sanitary condition—a condition satisfactory to the inspectors—they issued him a permanent certificate, which he was compelled to put up in a conspicuous part of his room. It showed the shop that he was working for. I believe that is the line that they followed in this system of inspection. Now, we have expected to and are relying upon that, and are insisting that they bring in a certificate that they are under proper conditions. It is, of course, a very satisfactory protection to us. I think this case of diphtheria—because Mr. Milligan told me of that case—was two years ago, and, of course, that was simply abhorrent. But the point I make is that I do not believe that any good recognized merchant tailor in Philadelphia employs labor of that character. There is a class of work between tailoring work and ready-made clothing which really pays little more than ready-made clothing prices.

Q. The testimony of these witnesses was, in the first place, in reference to ready-made clothing, and, in the second place, to merchant-tailoring work.—A. Yes.

Q. They said practically all the merchant tailors of Philadelphia did send their work out in that way, and that no gentleman in Philadelphia buying a high-priced suit of clothes could ever feel sure that that suit of clothes was not made in the slums and under unsanitary conditions.—A. Would you not think that under this system of inspection, if it was followed up with the degree of efficiency that they are supposed to give it and our insisting upon the men meeting those conditions, that they ought to feel sure of it, and we ought to feel sure of it?

Q. If you are asking me, I will repeat to you again what they say, that their force is so inadequate that they can not get around more than once a year to these tenement houses.—A. Then, that is the fault of the State.

Q. Mr. Harry White, of the garment workers, who is practically familiar with all the garment trade, and Prof. John Graham Brooks, who takes a great interest in this subject, and witnesses who appeared before the subcommission in Chicago, all testified to the same thing in reference to these other cities.—A. In what respect?

Q. Mr. White, for instance, said that these plate-glass establishments on Fifth avenue in New York sent their garments out to be manufactured in the tenement houses and in the slum districts, etc., and the testimony in Chicago is to the same effect, and Prof. John Graham Brooks says it is the case in large cities.—

A. The condition that surrounds the business as such, is a natural condition, and yet I believe that the conditions in Philadelphia are better than they are in Chicago and New York. There is more of the tenement district life in New York, and there is less of it in Philadelphia. A great many workmen—a number of my workmen—own their own houses, and they have a room set apart in their own houses, which is kept clean and tidy and in good shape, in which they have their board and their implements to work with; and their children are clean and they are prosperous; and in which the conditions are such that better can not be obtained, I think, under any circumstances, or certainly not in any room or building provided for that purpose. I know of several of my own men, that, as I say, own their own houses, and I think that condition is good here, and may be better than it is in New York or Chicago through the possibility of a man being able to own a little house for himself. He can not there; ground is too high; he has to go too far away from the center in those cities, and if he does he is out of reach, or it takes too much time to go to and back from the shop that he is working for. The customs of the business are such that we have always sent the work home. The trouser maker gets the trousers to take home, the vest maker the vests, and the coat maker gets the coat; they all work on piecework.

Q. Do you employ members of the journeymen tailors' union?—A. I do not know any union; I deal with them individually.

Q. Do they not strike to have the proprietors furnish shops and employ tailors on the premises in connection with the business?—A. No; not to my knowledge.

Q. They make no such effort here?—A. No; I know that besides myself there are others who have a shop on the premises, though I do not know how many; but I know there are others besides myself who have shops—well-organized shops, under good sanitary conditions, good light, where they start in at regular hours and work regular hours.

Q. A cutting shop?—A. No. All our cutting is done on the premises; that is usual, but I am speaking now of the garment makers, coat makers especially.

Q. (By Mr. CLARKE.) Do these house workers take work from several tailors?—A. Usually. In some few cases they work for one shop alone. I have some that work for me only. But the workers themselves usually prefer to have more than one shop, for the reason that in the dull portion of the season they think their opportunities for getting work are greater than in working for one shop alone.

Q. In a sense, then, they carry on manufacturing for themselves?—A. They do.

Q. On a small scale?—A. Yes.

Q. (By Mr. FARQUHAR.) Have you any tailors' union in this city, that you know of?—A. You mean the garment workers?

Q. Yes; garment workers or tailors proper; have they any union?—A. There is a union, I believe. There was some years ago, I mean. I do not know whether that exists to-day or not. I have not been in contact with the union for some years. I never would recognize a union. I will deal with them individually, but not as a union.

Q. How does your scale of prices compare with New York or Chicago in garment making?—A. I do not know their scale, though I presume it would be less.

Q. How much can an ordinarily good tailor make on piecework a week—coat maker?—A. A coat maker in the busy season, the fall—September, October, November, and the early part of December—can make, according to how good a man he is and how close he works, anywhere from \$30 to \$40 per week.

Q. How much on pants work?—A. Not so much; they probably make from \$12 to \$25 per week.

Q. That does not include any auxiliary help outside of the family, or machines, or anything of that kind?—A. No; I am taking the individual after he has paid his help. I am not considering that his family help him, or, if they do, that that is deducted from what he himself earns. Of course, I can state that I have seen men that receive \$40 to \$50 and \$60 a week that are rather in the line of being small manufacturers, but they have a man or a girl to help them, and they pay them off and the balance is their own for their work.

Q. The ordinary tailor, you would think, would make about \$20 a week in good times?—A. Oh, he would make very much more than that.

Q. You intend to draw a very distinct line between the ready-made clothing business and the merchant tailoring?—A. Yes, a very broad line.

Q. Suppose work from your shop was found going to slum labor; do you not think it would be very hurtful to your business if it were ever known?—A. I think it would be.

Q. Do you think any merchant tailor in the city of Philadelphia would risk it for the few dollars he would save?—A. I do not think he would, if he knew it. We have found in the course of many years' experience—we have had suspicions, of course, about this; we have not had the time to investigate it—that work would be given to a man to make, and it has been brought in, and after being inspected and looked over we would pass our own judgment that he never made that. But the suspicion is there placed upon our part that he has farmed it out, to use our own expression, to some one else, and probably has made an intervening profit from it; but, of course, that man does not get any more work when we come across that state of affairs. We protect ourselves there by simply dropping him from the list. If we can not depend upon him—if he has not the dependable quality that we require of a man whom we pay the prices we give—he is certainly not entitled to it. They drop out through their own acts. That is because we can not control them. When we find them, we use our own remedies by communication through our own connections.

Q. (By Mr. KENNEDY.) Have you any system of inspection to find out these things? How do you learn whether a man to whom you have given a garment sweats it or not—gives it to somebody?—A. No, we have no system of our own in that respect, but it is entirely by our own judgment that we would know of it. Then the work of a merchant tailor is individual work in the highest sense of the word. It is individual work from the customer to the tailor and from the cutter to the workman and the workman back again to the cutter. I am a cutter myself and know the details of the business. The cutter knows just what work a journeyman is capable of making for him, and he knows at a glance when he takes hold of a garment whether that man has made that job or whether he has not made it; as a practical man, as an experienced man, he knows that and if he finds that that is the case and he is not getting results, as I say, he is dropped. That is the best system of inspection that we have to prevent those things happening. All garments are not alike; one is not like unto another; they might be to some people, but they are not to a tailor. We have classifications among our tailors. For instance, we will give one man sack coats to make, because he is capable of making them best; we will give a dress coat to another man, who is capable of making a dress coat. A man who makes a sack coat can not make a dress coat properly or satisfactorily. There is a classification of that sort in all merchant-tailoring shops. We are working for the results, and, as I say, the work in a merchant-tailoring establishment is individual in its results, and we treat it as individual. That is the reason I do not recognize the union. If a man comes to me and he is a good tailor and a good workman, and he thinks he is worth so much money and he wants a certain price to make a pair of trousers or a vest and I think he can make that work worth that, he is paid that. I have never been willing to recognize the fact that all men make work equally alike and should receive the same pay for it.

Q. (By Mr. LITCHMAN.) How long have you been in the business?—A. I have been in the business for 27 years, and I have been in business for myself 14 years.

Q. How long has the man been in your employ whom you have employed the longest?—A. I have 3 men working for me who were with me when I started in business; that is 14 years ago.

Q. What do they do?—A. One of the men I have in mind was a coat maker at that time, a good coat maker. He worked along for years, and his eyesight became impaired somewhat, and he could not work at night. In the busy season they work early in the morning and late at night; they are not confined to any hours of labor; it is a condition of the business and is understood by all. He worked at home at that time. He is now working in my place as a bench man; that is, he is working at repairing under a skylight condition, in which his eyesight is not affected. Another man was a coat maker. He was working for me

at that time and is yet. The next oldest man in the business has been with me 12 years; he has been cutting for me all that time. The next man has been with me for about 11 years and is my foreman and superintendent—has charge of all these workmen.

Q. I speak more particularly of people who do the ordinary run of work on clothes.—A. The ordinary class of workmen, the journeymen, as we call them, run from 14 years down; most of them have worked for me from 7 to 14 years.

Q. Then the recent influx of immigration has not affected your work at all?—A. I have not noticed it any in my own shop.

Q. The connection between you and your employees, then, is that of the individual manufacturer, you say, and the individual workman?—A. It is. I have always pursued that, as I found I obtained the best results.

Q. If the system of home working could be supplanted by the factory system, would it not be a general benefit?—A. Yes and no. Yes, because it would improve the conditions under which the work would be made, and their own helpfulness and their own eyesight, for instance. There are quite a good many conditions of that kind that would be benefited. But on the other hand the conditions of the business, which put upon us a press of work at certain stated times of the year, require unusual hours of work. Some men start at 6 o'clock or 5 o'clock in the morning and may work until 8 or 9 at night; others again will start at 6 or 7 and work maybe until midnight, in order to get the work done; and then the other 4 months in the year there is practically only 2 days' work a week for them. In other words, they must make the work when it is there for them, make hay while the sun shines. But if they went into factory conditions, then the laws of the factory system would obtain, and they probably would only be permitted to work certain hours a day, 60 hours a week, whatever the law would define in that respect, and they could not get through with the labor, and it would destroy that individuality for the tailoring trade which is the most essential thing. There is where individuality in tailoring counts. If they were made uniform, made under the factory system and passed around the board as the clothing people make them, the results would not be obtained.

Q. From your experience do you think there is any difficulty in applying the factory system to the ready-made clothing business?—A. No; that is different.

Q. In that case your answer would not be yes and no?—A. It would be absolutely yes; it would be better.

Q. Would the sanitary and humanitarian conditions in that case justify the establishment of the business naturally as a factory-system business?—A. In the long run, yes; in the ready-made clothing, I think it would.

Q. And a great many of the difficulties complained of under the so-called sweating system, if such could be the case, would be removed?—A. Unquestionably.

Q. Do you approve of the system of factory inspection now in effect in the city?—A. Certainly.

Q. You are in favor of family inspection?—A. Yes.

Q. Would you like to have more of it?—A. Certainly. We helped it when we started out, and we would like to see more of it. I sent my young man around before I came up here, so that I could state positively how far that inspection applied to my own work people. As far as other shops and other people are concerned I do not know. I speak for my own shop.

Q. So far as your experience goes, has that inspection been effective?—A. I doubt it.

Q. For what reason?—A. From the evidence I obtained this morning from one of my men, that the inspectors had not been there for 2 years. He was inspected the 23d of February, 1898, and he has not been there since. I know the man and have known him for years, and it may be the inspector feels he is all right. I do not know whose district he is in. I will say this for the inspector. I know that man is all right, and I should feel that he did not require inspection; and maybe the inspector found the condition such that he thinks it a waste of time to call upon that man. That is very likely to be judgment on his part.

Q. Is that man working in a room?—A. Yes.

Q. (By Mr. CLARKE.) Do you think of any further statement you would like to make, Mr. Dixon?—A. I only desire to repeat the statement that I first made in coming here—that I should like it to go on the record that the workmen employed in the tailoring business should not be classed with the workmen employed in the clothing business; and that the conditions under which they are employed are so different and so much better in the tailoring business than in the clothing business that it is an injustice that these statements go out in the newspapers about all tailors and the class that they were put in in yesterday's testimony.

(Testimony closed.)

PHILADELPHIA, PA., December 20, 1900.

TESTIMONY OF ALFRED C. GIBSON,

Manufacturer of gas and electric fixtures, Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. Alfred C. Gibson appeared as a witness at 4.38 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your full name, post-office address, and occupation.—A. Alfred C. Gibson, president of the Gibson Gas Fixture Works, 1428 Callowhill street, Philadelphia.

Q. Do you desire to tell the commission about the gas-fixture industry or some improvement relating to it?—A. I have no personal grievance and am pretty well satisfied with the present condition of affairs, but I think it would be well for me to submit some facts bearing upon the ease with which patents are obtained for alleged inventions that are worthless. I do not wish to be understood as opposing the general granting of patents, as this pertains merely to patents being granted for alleged inventions that are not inventions. When gas was first introduced into this country about the year 1835, I believe, the lamp manufacturers were the most natural men to be engaged in the manufacture of fixtures for gas. In the same way when electricity began to be used for illuminating purposes, the gas-fixture people were the best qualified to manufacture electric fixtures. In fact, an electric fixture is a gas fixture, only it is not necessary to carefully see that all the joints should be made tight, because there is no gas to escape from the electric fixture. When the gas-fixture people were giving their attention to this new condition of affairs and getting ready to make electric fixtures, a workman was observing everything that was being done in the factory where he was employed, and he reported these matters to a patent attorney in New York, who was very expert in getting up specifications and claims, and he got up a paper embracing perhaps a dozen claims and it covered everything pertaining to the manufacture of an electric fixture, and sent his application to Washington for a patent. This application was refused. The claims were modified, and refused again. I have copies of the file wrappers which show that the claims were refused over and over again and for very good reasons. The examiners seemed to understand their business. Their letters refusing the patents read all right, but all of a sudden there is no further attempt made to reply to these letters rejecting the patents, and the only presumption is that a visit is made to Washington, and the file wrapper does not detail what occurred at that personal visit. It only gives the fact that the patent was granted.

Now, in this case, I will speak about a combination, to show what leads up further to these patents. In the year 1899 a combination was formed in the gas and electric fixture business which I refused to join. I was the only manufacturer of any prominence who did not go into the combination, and there was quite a contest between the organization and myself extending over a period of about 2 years. I met that condition of affairs through publishing articles in the newspapers and sending humorous circulars and postal cards to the dealers, holding the methods of this combination up to ridicule, and was perfectly satisfied with the situation and with my ability to hold my position in the matter; but in the year 1891 the holder of this patent and the combination got together. The patent had been granted in 1882, but was recognized by very few of the manufacturers. I recognized it for one, and in the year 1888 I took out a license. I thought it was better for me to pay a 3 per cent royalty rather than incur the risk of being sued for infringing the patent. I think there were but about 5 manufacturers who took out these licenses prior to this agreement that was made between the patentee and the combination of fixture manufacturers. Then they were able to roll up a list of 84 manufacturers, all members of this combination and all purporting to have taken out licenses.

My license expired in the year 1892—a 3-year license—and when I called upon the attorney representing the patentee, who, by the way, it developed later was really the owner of the patent, he refused to renew my license excepting I joined this combination of manufacturers, which I declined to do. So there was nothing left for me but to await results, and suit was brought against me in pursuance of the understanding that existed between the combination and the patentee that he would enter suit against all infringers. Suit was entered against me in Philadelphia in the United States circuit court and the case was tried before Judge Dallas. The case is entitled Maitland v. Gibson. I want to show you what trouble and expense I was put to. I won this suit. Judge Dallas decided in my

favor and it was carried to the circuit court of appeals where the decision was affirmed. But the Patent Office at Washington should never have granted those patents.

There are 3 patents in this suit, one for an electric fixture and one for a combination fixture in which gas and electricity are both used. The name of the owner of the patent was George Maitland and his attorney was Richard N. Dyer. The man to whom the patent was granted was named Stieringer, a workman in New York.

Q. (By Mr. FARQUHAR.) Are these parties in New York or Pennsylvania?—A. Mr. Dyer, the attorney, is in New York, and Mr. Stieringer is a workman in New York. Mr. Maitland lived in Detroit, Mich. He was a court stenographer. He was a manufacturer of pearl buttons. This developed in the testimony. He was a man of no financial responsibility. When my suit was ended I had a bill of costs against George Maitland which was not paid at that time.

Now, I want to show you the trouble I was put to. The trial of this case extended over 3 years, and while the claims were ridiculous I did not dare treat them as such. I did not dare to go into court and apply for what they call a demurrer. The matter was treated seriously, and we went into it with the view of destroying that patent on account of its want of merit.

This cost me \$16,000, and I suffered a great loss of business during the time the matter was in an undecided state. Customers were afraid to buy from me. They were told that if they handled my goods they would be liable to suit themselves. So I really do not know what the whole thing cost me, but I do know that the amount spent in the lawsuit amounted to \$16,000, and I suffered a great loss of business.

Now, to make this matter still worse, when this suit was decided in my favor by the circuit court of appeals, some time afterwards the patents were surrendered at Washington and some modifications were made in the claims, as stated by the attorney, to make them conform to the decision of Judge Dallas and the circuit court of appeals, but in reality they broadened them. I speak from my knowledge of the business. They were made more comprehensive than the original, and those patents were reissued at Washington.

Q. How much time had the original patent left until the lapsing time?—A. The patent was granted in 1882 and this decision was in 1894.

Q. Close to the life of the patent, and there was an extension made afterwards?—A. During the term of the patent, which was 17 years. The first patent in this suit expired last year, in 1899. The second patent was granted in 1884, and it expires next year.

Now, the existence of this combination was based on the successful maintenance of those patents, and it was absolutely necessary that something should be done or else the combination goes out of existence. But when the patents were reissued, that gave them new life and suits were brought against others. They never attacked me after that. I was not the only one that had been threatened with suit, but the rest of the people at Philadelphia fell into line and joined the combine. I am the only one that went into court on the original letters.

There had been dissensions among the members of this combine and some of the members had gone out of it, and these reissued patents were used to bring them back. Suit was brought against one firm in New York that I think of, and a decision was actually rendered sustaining these patents, by Judge Cox in New York. Then they commenced suing right and left, and they came here in Philadelphia again and sued another firm in Philadelphia. They brought it to trial and the decision was the same as in my case—against the patents.

Now, that is what occurred to me, and whilst it is all over as far as I am concerned, I think that many other manufacturers may meet with the same difficulty. Some may be having it at the present time, while others may meet with it in the future. I do not know that anything need be done regarding the patent laws themselves, but I do think patents should not be granted as recklessly as they are.

In the case of this patent on an electric fixture, the specification and claims were written up to cover everything in such a way that it would be absolutely impossible for anybody to manufacture or sell a fixture for the use of electricity without paying tribute to that patent.

For instance, the gas comes down through a gas fixture, while in the electric fixture the current comes through a wire, and the most natural place to put that wire would be to put it inside the fixture. Of course, if the fixture is already hung, for the sake of cheapness they may run the wire down the outside, but there is a space in there which is used for gas, and there is no other use for that space when it is an electric fixture, and it is a nice place for the wire to go down. Now, one of their claims covered the concealing of the wire.

Another point is that the insurance companies make a rule that there should be what is called an insulating joint between the fixture and the gas pipe. The first claim, and the one on which they laid the greatest stress, claimed the combination of an electric fixture and insulating joint—not their insulating joint—not only the one they had described in their specification and illustrated, but any insulating joint, and the gas pipe of the house.

Even if the manufacturer of insulating joints had received a patent for some meritorious article or improvement in the way of an insulating joint, he could not sell that joint without paying tribute to this patent. As Judge Dallas explained in his decision, it was merely the application of insulation, which was as old as the hills. Now, they actually got a patent on putting an insulating joint between the fixture and the ceiling.

Then, this insulating joint might be an unsightly object, and in that case we use what we call the canopy of the fixture that goes up against the ceiling, and that can be lowered in order to make the connection of the electric wires and then pushed up again and with a set screw fastened in its place. They got a patent for using that sliding canopy. The use of the set screw is older than any of us, but that was one of the claims in this patent that was granted.

As I say, there was about a dozen of these claims and I went to work to meet them all, and met them so successfully during the taking of the testimony that when the case came up before the judge the attorney for the complainant abandoned all the claims except the three that I have mentioned—the use of the insulating joint, the sliding canopy, and the concealing of the wires.

Just to show you what we have gone through, there [indicating bound volumes] is Volume I; that contains the complainant's testimony; Volume II is defendant's testimony; Volume III is the exhibits. That will show you what I had to go through with in order to defeat all those claims. It contains also probably 150 previous patents and an exhibition of the condition of the art prior to those patents. Volume IV is the briefs of the attorneys for both sides and the decrees of the courts.

The owner of the patents, George Martland, did not pay the bill of costs, amounting to about \$3,000. I made an investigation in Detroit and found out that I could not accomplish anything out there. But when these patents were reissued my attorney went before Judge Dallas in this city to complain that the costs had not been paid in that case, and he asked that these reissued patents be sold. The matter was brought before the judge for a hearing and he decided that if the costs were not paid at once the patents would be sold; and the costs were paid. Otherwise this combination would immediately have gone out of existence. I mention that to show that the patent lies in the hands of a man from whom nothing could be recovered.

Q. (By Mr. CLARKE.) Is it your opinion that the erroneous granting of these patents is a regular thing in the Patent Office, or very exceptional?—A. I have no means of saying. Any opinion that I would give would be merely one that was formed from what happened in this case. All I know is that a patent was granted in this case that should not have been granted; which is not only my opinion but the decision of the court. But whether it prevails to any extent I do not know. The file wrapper—that part does not look very well to me. The file wrapper in one of these cases, prior to the granting of the patents, ends with the rejection of the claims, and no explanation appears why that patent was granted.

Q. Do you know what official actually granted that patent?—A. I have the file wrapper here. (Reading:) "Washington, D. C., May 11, 1892."

Q. (By Mr. FARQUHAR.) That is the reissue, is it not?—A. Oh, yes. This patent is June 6, 1892. The second patent was February 12, 1884. It is signed, Benjamin Butterworth, Commissioner of Patents.

Q. (By Mr. KENNEDY.) Who is the examiner?—A. C. J. Kintner. The last letter from him was January 17, 1884.

Q. You are not sure that he is the examiner that finally passed on it?—A. It is the last that appears on the file wrapper; and immediately after that is the granting of the patent. They were refused a number of times and the claims were modified. Notice of allowance of the first patent is signed, E. M. Marble, W. E. Simonds, Commissioner of Patents.

Q. (By Mr. CLARKE.) That was the beginning of the trouble of which you complain, was it?—A. As regards the patents; yes.

Q. Was Mr. Marble an examiner?—A. The paper granting the patents has these 3 names—E. M. Marble and W. E. Simonds. W. E. Simonds is in larger letters than E. M. Marble.

Q. It does not state their official positions?—A. It is only "Commissioner of Patents."

Q. Have you any means of knowing whether the merits of the application were passed on and finally determined by the Commissioner or by the examiner?—A. I do not know. This happened 10 years before the suit. The patent was granted in 1882, and the suit was commenced in 1891, and all I know about the granting of the patent is the information obtained from that file wrapper that was sent to me from Washington.

Q. Since these officials went out of office have you ever heard any complaints of the careless granting of applications for patents?—A. Only in a general way. I am not able to state anything specifically. I have frequently heard the remark: You can go to Washington and get a patent on anything for \$5. I have frequently heard remarks of that kind.

Q. (By Mr. CLARKE.) Might not that remark grow out of the fact that a very large number of patents are issued?—A. It might.

Q. It is a large country, and we are an inventive people, and large numbers of patents might be issued correctly, might there not?—A. That is true. I am merely giving some facts here. I think there is scarcely a man living who knows anything whatever about my line of business but what would say, on reading the specification and claims of either of these 2 patents, that there was no invention and no reason for granting a patent.

Q. (By Mr. TOMPKINS.) Do you know of any instances in which patents are used to maintain a monopoly or the control of the business as was intended to be done in this case?—A. I do not.

Q. Do you think that any competitive industry might be controlled by patents, judging from your experience with this?—A. I think so.

Q. Do you think that in order to establish and maintain that control a person could go to Washington and get patents that ought not to be allowed?—A. Well, I feel that it was done in this instance.

Q. (By Mr. FARQUHAR.) You do not make any general indictment?—A. My time was pretty well occupied in defending myself against this, and since then in trying to attend to my business so as to make up for the money I lost, and I have not paid much attention to that matter.

Q. (By Mr. TOMPKINS.) I wanted to find out whether, in your experience, you considered that there had been exhibited a possibility that the industry might be controlled by patents; and, in the second place, whether it was possible to get these patents improperly; not by improper means, but where they were not inventions and ought not to be allowed?—A. I think the industry can be controlled by patents, and in our line of business it would have been controlled if the patentee had been successful in this suit. I would have had to close my business. Whether it is right for patents to be used for the purpose of making a monopoly, that is a subject upon which there would be a great difference of opinion. Some say "yes;" others say "no." It certainly can be used for that purpose. I think that everybody will agree that patents that are obtained for alleged inventions that are worthless should certainly not be used for such purposes.

Q. Do you think these people made much money out of that patent while it lasted—while it was not adjudged improperly issued by the courts?—A. I have often tried to find out whether they came out on the right side or not; I have never been sure of that. There was a time when they were getting in considerable money. They had 34 manufacturers, each of whom had signed this agreement to pay them a royalty.

Q. How much was the royalty?—A. It was 3 per cent on the total sales.

Q. (By Mr. CLARKE.) What became of the reissued patents?—A. The reissued patents are both supposed to be still in force—were in force. One expired last year and the other one expires next year; but since the decision in Philadelphia against the reissued patent, I have heard of no further suits being instituted.

Q. Is the gas and electric fixture business a considerable business in Philadelphia?—A. It is quite a business, but not as extensive as in New York.

Q. What is the number of establishments?—A. There are perhaps half a dozen manufacturers here in Philadelphia.

Q. They employ a good many hands?—A. Ranging from 50 to 250 each.

Q. Is the general condition of the business prosperous now?—A. It is. There is one drawback that some of the manufacturers labor under—a concern that tries to do business in the way we do. Our motto is to make original designs and no copies. To do that involves employing designers and modelers and what we call chasers. Before producing a new pattern of a chandelier, which may sell for say \$20, we may be put to the expense of \$500 before we are ready to make the first one. Another manufacturer comes and he buys one of these and he uses the very fixture itself as a pattern; uses the cast pieces that occur in the fixture for a pattern; puts them in the sand and makes his castings from them, and he offers

that chandelier for perhaps 10 per cent lower than the original manufacturer of it. If he makes the work right, the original manufacturer most likely has to reduce his price, even though he may have fixed a price that was perfectly just, considering not only the making of the fixture but the designing and producing of the patterns.

Q. (By Mr. TOMPKINS.) Can you not copyright your designs?—A. That subject was brought up by the firm with which I was employed 20 years or more ago, and was dropped. They did copyright a few, but I was informed that there are so many different designs it would cost a great deal to copyright them all; and if a man wants to infringe on the pattern all he need do would be to make some little change in it and the copyright would be of no avail; and yet the ordinary customer might not be able to distinguish between the fixture which was produced and the original. So the copyright idea has never been found to fill the bill.

My attention has been called lately to a concern that has started within the last 6 months, and they issued a catalogue before they were even ready to manufacture any goods. That catalogue was not made from any fixtures. When we get out a catalogue we have to first make the fixture itself and then photograph it; then have a half-tone made and then print it. Now, this concern has not even bought the fixtures and produced the catalogue from them. They have taken the pages out of different manufacturers' catalogues and had new half-tones made right from the prints themselves, and spread that catalogue around offering to make these goods at lower prices. Out of the 160 pages in the catalogue there is not one page containing an article of which they are the original producers.

Q. Could not that be prevented by copyrighting the catalogue, so that they could not use the same catalogue?—A. I suppose if each page was copyrighted they could not.

Q. If the book as a whole is copyrighted, each page is covered.—A. Then it might have been impossible for this concern to do what I have just stated as having been done. This catalogue of 160 pages is not all from one firm, but from different firms. That, of course, has an effect on prices. The only way they can sell these goods is by underselling the original manufacturer; and if the original manufacturer has to reduce his prices, it has a bearing not only on his profits, but on the wages of the workmen, if this is carried on to any extent.

Q. (By Mr. CLARKE.) Can you think of any changes in existing laws or the passage of any new laws by which that interference in trade can be prevented?—A. I did not think of saying anything on this subject just for that very reason—that I am unable to make any suggestions by which that may be prevented.

Q. Do you know of any further statement?—A. That is all.
(Testimony closed.)

PHILADELPHIA, PA., December 20, 1900.

TESTIMONY OF MR. HENRY S. GOODWIN,

Shoe laster, Rosedale, N. J.

The subcommission met in the rooms of the Manufacturers' Club at 7.30 p. m., pursuant to adjournment, Mr. Clarke presiding. At that time Mr. Henry S. Goodwin was introduced as a witness, and, being duly affirmed, testified as follows:

Q. (By Mr. LITCHMAN.) Give your full name and post-office address.—A. Henry S. Goodwin; Rosedale, Camden County, N. J.

Q. What is your occupation?—A. I am a shoe laster.

Q. That is a subdivision in the manufacture of shoes?—A. Yes.

Mr. Chairman, might I say, with your permission, I have affirmed I am about to speak the truth, the whole truth, and nothing but the truth. The question arises as to what this commission will do after we have told the whole truth in this matter, and what the result will be when it reaches the Manufacturers' Association—in the shops of the members of that association, where we work. The business which brought us here is rather a delicate one to be touched upon by employees of the Manufacturers' Association, inasmuch as they have proved themselves willing to discharge any of their employees when the evidence given by them is detrimental to their business interests. I will ask you, Mr. Chairman, to make a ruling on it.

Mr. CLARKE. All that we can say about that is that there is no provision of law to especially protect a witness from any action that might be taken by others

on account of his testimony here. We can only say on general principles, however, that it would ordinarily be considered very hazardous for any manufacturer to discharge an employee on account of testimony that he might give before this body, and it is our opinion—at least it is mine—that you can testify with entire safety, but of course you must take your own risk.

Mr. LITCHMAN. Is this fear on your own personal account or on that of your associates on the committee?

The WITNESS. I am speaking for the whole committee. I have been a sufferer as an individual myself for a number of years, and I do not wish to have anyone else suffer as I have suffered in this connection.

Mr. KENNEDY. Perhaps you had better confer with your associates and determine whether under the circumstances it is best to give testimony.

The WITNESS. We have already considered the matter; but we thought it our duty to call your attention to the risk we were running at this time.

Mr. LITCHMAN. We will leave it in this shape, then, I suggest: We proceed with the examination, and if questions are asked to which the answer given might place you in this position you speak of, you would still have the right to decline to answer.

The WITNESS. Thank you.

Mr. CLARKE. Mr. Litchman will proceed to ask you questions.

Q. (By Mr. LITCHMAN.) You have been engaged in the shoe business for how long?—A. About 17 years.

Q. Most of the time in the vicinity of Philadelphia?—A. Yes.

Q. You have been connected with labor organizations during that time?—A. Yes; during all that time.

Q. Can you name them?—A. I have been a member of the Knights of Labor.

Q. In an official capacity?—A. In an official capacity. I was district master workman of District Assembly 70.

Q. That was the organization of the Knights of Labor that represented the shoemakers in this vicinity?—A. The shoemakers in the vicinity of Philadelphia. I also belong to the Lasters' Protective Union of America. I also belong to the Boot and Shoe Workers' Union.

Q. Was the Boot and Shoe Workers' Union the successor of District Assembly 70?—A. Yes.

Q. Was that a voluntary organization on the part of the workmen?—A. Yes.

Q. Are there any agreements or arrangements for the settlement of trade disputes between the organizations to which you refer and the manufacturers.—A. There is no agreement between the Manufacturers' Association of Philadelphia and any voluntary trade union at the present time.

Q. There is an agreement between the employers and the employees in the shops?—A. There is an agreement between the shoe manufacturers and an organization which is compulsory on the part of employees working in the shops of the shoe manufacturers in the Manufacturers' Association.

Q. Can you give the name of that organization?—A. That organization is the Central Convention of Shoe Workers.

Q. The membership in that organization you say is compulsory?—A. Yes.

Q. In what way compulsory?—A. You can not work in any of these factories, according to the rules of the Manufacturers' Association, unless you are willing to be governed by its rules.

Q. Is there an agreement between that association of shoe workers to which you have referred and the manufacturers?—A. Yes.

Q. Rules and regulations?—A. Rules and regulations.

Q. Have you a copy of them?—A. Yes.

Q. Will you submit it?—A. Yes.

(Whereupon the witness submitted a copy of the "Rules and regulations governing the factories of the Boot and Shoe Manufacturers' Association of Philadelphia and the by-laws of the Central Convention of Shoe Workers of Philadelphia.")

Q. Under these rules the membership in this organization is compulsory?—A. It is obligatory; yes.

Q. One of the regulations states that fact?—A. Yes.

Q. Will you read it?—A. (Reading:) "SEC. 1. The members of this convention shall be composed of delegates representing the employees of the various shops operated by the Shoe Manufacturers' Association of Philadelphia.

"SEC. 2. All shops shall be entitled to one delegate for every hundred taxable members or fractional part thereof.

"SEC. 3. The delegates shall be elected annually by the shop association to serve for one year, and shall present their credentials, signed by the president and secretary, to this convention on the first Saturday in January.

"SEC. 4. Any delegate leaving the shop he represents shall forfeit his membership in this convention, and the shop association shall elect another to fill the vacancy, and said delegate shall present his credentials at the first regular meeting of this convention thereafter."

Q. That rule does not seem to compel membership in this organization. Have you read the right rule?—A. Well, that is about the nearest I can come to it; but I would say at this time that before any person working in any of these association shops was permitted to enter upon the work he was compelled to sign a paper stating that he would renounce all allegiance to any voluntary organization and agree to submit to the rules governing the Manufacturers' Association.

Q. Now, by whom were these rules and by-laws adopted?—A. I find the committee's name at the end of these rules, and they were adopted, I believe, by the central convention itself after its formation. I have never been a member of that association at any time nor have I ever sat there.

Q. Are you now employed by a member of the Manufacturers' Association?—A. Yes.

Q. Before receiving employment were you compelled or required to sign the agreement to which you refer?—A. Not in the factory in which I am employed.

Q. Has it been the general custom in that factory to require the help to sign this agreement?—A. Not in the factory in which I am employed.

Q. But that factory is a member of the Manufacturers' Association?—A. Yes. I learned this present week that in another factory, where some trouble existed during the last 4 months, before anyone is allowed to go to work there he is obliged to sign these rules at this time.

Q. You can now go on and make a statement as to general conditions in your own way. The commission will then ask you questions on the particular parts brought out by your statement. I would suggest that you commence from the time of the organization of the Knights of Labor, as the representative of the shoe workers of Philadelphia, and give a short story of the manner of operation under that organization and under its successor, the boot and shoe workers' union, if that was the successor, and then lead up to the present organization of the employers and this compulsory organization to which you have referred. That will give a connected story of the condition of affairs, perhaps.—A. In 1884 District Assembly 70, Knights of Labor, elected 7 members to meet with 7 members elected by the Manufacturers' Association, and that 14 composed our joint executive board for three years, until 1887. In the fall of 1887 trouble commenced between the manufacturers and the employees, and after being locked out by the manufacturers for 5 weeks, the organization which at present exists, known as the Central Convention of Shoe Workers, was brought about by the manufacturers and some of their employees. This organization, known as the Central Convention of Shoe Workers, is supposed to represent the shoe workers of the city of Philadelphia, and the point we want to make on that question is that they do not represent the shoe workers. We wish to show you that the organization itself is compulsory and controlled by the Manufacturers' Association. In order to prove that, before I go any further, I desire to read just a little, showing you that the delegates to that central convention must go there by the will of the manufacturer, or else Rule 1, which gives the manufacturer the right to employ or discharge, will be brought to bear on him. Mr. Moylan asserts that some time ago, when he was working in the factory of B. F. Oblinger & Co., he was to have been a candidate for election to the Central Convention of Shoe Workers in opposition to John Wilkins, the present representative, and on Mr. B. F. Oblinger being notified of the same, he informed Mr. Moylan that it was his wish that Mr. Wilkins be continued as the delegate; whereupon Mr. Moylan very gracefully retired, and Mr. John Wilkins is still the representative from Oblinger's factory.

Charles H. Hayes asserts that while working in the shop of Zeigler Brothers in 1897 he was elected a delegate to the Central Convention of Shoe Workers in opposition to A. P. Super. He was discharged from his employment and Mr. A. P. Super was elected to fill his place as delegate, and is now the president of the Central Convention of Shoe Workers.

Q. What is this from which you are reading?—A. These are data we have collected since we have been on this committee. I will now read another one, showing that the rules have been violated which they have made themselves; that is, the rule that the shop association shall elect a delegate. This is from a copy of the credentials submitted to that central body (reading): "The following communication was received from P. T. Hallehan, Central Convention of Shoe Workers: 'J. O'Connell is no longer in our employ. The bearer, Mr. Davis, will act as representative of our shop. Kindly let us know how much we owe. Yours, truly, P. T. Hallehan.'"

Q. Mr. Hallehan was a shoe manufacturer?—A. Yes. It is also asserted that H. L. Townsend sent a credential similar to Mr. Hallehan's. He also was a shoe manufacturer, and is secretary of the Manufacturers' Association. I think that will be sufficient to prove that case.

For obvious reasons I desire not to state the name of the person who has suffered, but will state the facts of a case if it be the wish of the commission.

Q. Go on and state the fact.—A. A shoemaker now holding a prominent position, position of foreman in one of the factories, while working as a journeyman shoemaker represented that factory in the Central Convention of Shoe Workers. During the time that he represented the shop a case came before that body and he voted in favor of the workman, and on returning to the factory he was discharged, the manufacturer claiming the right to discharge him according to Rule 1—the manufacturer claimed the right to employ and discharge at all times. This shoemaker after being discharged answered various advertisements for positions, and on being asked by manufacturers what his name was, where he had last worked, and other information he was told that there was no employment to be given him. After 3 weeks looking for a position he returned to where he had been employed, asked the proprietor why he was thus victimized, said it was not fair, it was unjust and un-American, and curtailed his liberty as a man. He was informed that he could come back to his old position provided in the future he conducted himself to the satisfaction of his employers. He has since worked there.

Q. And now occupies the position of foreman, you say?—A. To the best of my knowledge, at the present time. This statement was made in the union to which he belonged at the time.

Rule 5 of the Manufacturers' Association reads: "Pending the discussion and decision of any difference or dispute there shall be no lockout, strike, stoppage, or cessation of work by either employer or employed. * * * This rule implies that in no case is it necessary to resort to lockouts, strikes, or violent means in any form, it being the office of reason, acting according to the golden rule, to adjust and settle all human interests."

Very recently there has been a strike or lockout in one of the shops of the Manufacturers' Association. Two of the strike employees made application for work in another factory belonging to the Manufacturers' Association. The employer for whom they had worked telephoned to the employer they were then working for, and he went into the work room and asked these two men if they had worked for a certain other manufacturer. They replied they had, and he told them they could not work there any more; that they were to get their things together and leave the factory, which they did.

Q. Was any complaint made of their work?—A. No.

Q. Any complaint of their conduct?—A. No.

Q. Was any reason given for their discharge?—A. None whatever. I have since visited that factory as a member of a committee from the United Labor League of Philadelphia and asked the gentleman why it was he discharged them. He said he claimed the right to employ and discharge according to Rule 1 of the Manufacturers' Association.

Q. Did he claim that Rule 1 superseded the provisions of Rule 5?—A. I do not think we argued that question. Rule 1 is very brief and to the point (reading): "The right of the manufacturer to employ or discharge employees must be acknowledged." The second rule reads: "Employers or employees must not discriminate for or against any individual because he or she is not a member of any organization." This rule has been violated by the Manufacturers' Association. In one of the factories of the Manufacturers' Association the same trouble arose in the last department. Those men refused to abide by the rules governing the Manufacturers' Association, and the Central Convention of Shoe Workers and quit work in a body. When they did that the manufacturers held a meeting and passed a resolution that no male help be employed in that department until that factory had its quota of lasters. This is a copy of a communication written by the manufacturers' secretary, dated August 16, 1900, in connection with the present case. It reads (reading): "It was further unanimously resolved that until Messrs. Croxton, Wood & Co. get their required number of lasters you are notified by the executive committee of the Shoe Manufacturers' Association that no other firm, members of the association, shall from this day employ any additional male help."

Q. Do you claim that that action was a violation of Rule 5, which you have just read, which provides that there shall be no lockout, strike, stoppage, or cessation of work by either employer or employed?—A. I do not claim that. That is, I am not submitting it for that; I am submitting it for the information of the commission.

Q. (By Mr. CLARKE.) Do you claim that was an indirect way of preventing these men from becoming reemployed?—A. Yes.

Q. (By Mr. LITCHMAN.) Was the difficulty between the lasters and the manufacturers?—A. Yes.

Q. And was there, because of that, a lockout of the balance of the men employed in the factory?—A. No.

Q. I do not quite understand the statement of your case.—A. I want to prove by this a violation of Rule 2. (Reading;) "Employers or employees must not discriminate for or against any individual because he or she is or is not a member of any organization." The manufacturers then held a meeting and passed a motion to discharge the president of the Lasters' Protective Union. That is what I want to get at. That shows that this rule has been violated; that they did discriminate against a man because he was an officer in an organization. There is a discrimination in the fact that the president of the Lasters' Union was discharged by a member of the Manufacturers' Association.

Q. How did you establish that fact?—A. We certainly can not establish that fact in a legal way, but from inference; and in conversation with a foreman of one of the factories a committee from the lasters were given to understand that this man was discharged by order of the Manufacturers' Association, and while his employer at that time did not vote for his discharge, did not wish to discharge him, kept him working one week after the resolution was passed at the Manufacturers' Association, he eventually did discharge him.

Q. (By Mr. FARQUHAR.) What is the usual construction placed on Rule 2: is it the establishment of the open shop?—A. That rule is dormant to all intents and purposes.

Q. But does not that rule practically make an open shop? It is open to anyone without a card, or with a card, without discrimination at all?—A. Supposedly. The members of the Central Convention of Shoe Workers are not expected to have a card of any kind. There is no card of any kind.

Q. But they have a membership, haven't they?—A. They have no membership. There is no card of membership.

Q. How do they get a title for the organization at all?—A. They exist in name; that is all. The shop's crew are supposed to come together and elect a delegate to the Central Convention of Shoe Workers in accordance with their numerical strength, but we have never yet remembered seeing anything carried out in that way. About probably a dozen persons would come together on some Saturday afternoon, or some time during the week, and elect a delegate when a vacancy occurred.

Q. How many are under the operation of the rules and regulations that you have just read?—A. I think there are about 26 factories, if I remember right.

Q. How much control has it with the trade?—A. It controls the entire trade, almost.

As to the assertion I have made in connection with the discharge of the president of the Lasters' Union, I desire to continue this statement. Since I have been a member of this committee I wrote the gentleman, who is out of town. As soon as he gets discharged from one of these factories he must leave the city. There is no hope for him when he gets discharged, and consequently he loses his manhood. This is a letter written from Vineland, N. J., by the president of the Lasters' Union of Philadelphia in response to an inquiry asking him to state how he was discharged. It reads [reading]: "Mr. Godwin—Dear Sir: I received a letter from Mr. Kirkbaine, requesting me to communicate to you the facts regarding my discharge from Smaltz, Goodyear & Co.'s. I would have written at once, but have been waiting, working until 9 o'clock every night. Perhaps you don't know that Thomas Shea, our secretary, announced one meeting night that he had been told by a manufacturer that all the officers and prominent members were to be discharged. See him about that. The following week I was called up to the foreman's office. He told me that he was very sorry, but he had something he had to tell me. I said, 'All right, out with it; I guess I know what it is.' He said, 'Well, you are discharged for poor work.' I told him I was sorry he was compelled to discharge me, as he knew I had always tried to do my work well. He said he knew that, but he had to obey orders. He requested me to take my tools out that night, although it was about 6 o'clock. He said he didn't think the members of the firm would want me to come in the shop again—also insisted on paying me off. I had to wait until after 6 for my money. I went to see Mr. Smaltz next day. He acted surprised at hearing of my discharge. I insisted upon seeing some of the bad work and defied him to show any. He did not have time, but he had time to talk fully 1 hour, and I asked him for a letter of recommendation. He said he would not give me one, as he said he did not like the way I

talked to him. I told him that he knew I was not discharged for bad work, and as he professed to be a Christian, and was a Sunday-school superintendent, he could not refuse me and be honest. He said, 'Well, I will give it to you if that is all you want.' He then wrote the letter recommending my good workmanship. This letter I will place at your disposal if you want it. Mr. Smaltz then asked me why we did not settle with Croxton & Wood. He invited me to sit down. Then we had a lengthy talk about the board of arbitration. If there is anything that I have not stated clear enough, let me know."

I told him it was not necessary to send the letter of recommendation, and I have not got it.

I find the Central Convention of Shoe Workers, in connection with this present case, wrote the Manufacturers' Association, stating that they did not think it was fair that they should refuse to employ any male help pending a settlement, and I have a copy here of the answer which came to it. This is rather a lengthy communication. It is dated "Postoffice Box 510, Philadelphia, September 10, 1900." It is the letter from H. L. Townsend to the Central Convention of Shoe Workers, answering queries. [Reading:] "W. P. Connors, secretary of the Central Convention of Shoe Workers. Dear Sir: Find following a response to queries made by you to the executive board: 'To the Central Convention of Shoe Workers: Your executive committee has made an inquiry of our executive committee whether or not our manufacturers' refusal to employ any additional male help was not a lockout. We beg to make answer and say that the right to employ or not to employ, to discharge or not to discharge, are prerogatives essential to the intelligent direction of any business, especially shoe manufacturing, and provided for in our joint rules. When an organized body antagonistic in spirit and intent injudiciously argues with and secures the cooperation of the workmen to make efforts and publicly declare themselves to destroy our plan of arbitration, the manufacturer, if discreet, sees his first safety in the curtailment of his product. It is impossible for him to safely renew contracts when he is confronted with a danger signal that tells him his business in the future may not be attended by the peace, quiet, or good will that has prevailed in his business for 12 years and 8 months. When the members of the Lasters' Protective Association of America publicly declared their antagonism to our joint rules and repelled any arbitration or procedure which would recognize the rights of the employers or our joint organization; when they sought to destroy and render invalid all contracts in force, the most stringent measures that will remedy this condition becomes necessary. These measures we know work hardships in various intensities. Possibly more to the small manufacturer who employs on certain branches a very small number, and the workman who anticipated work at a given time, than the large manufacturer, but it behooves each manufacturer and each member of the Central Convention of Shoe Workers to endeavor to rapidly repair the encroachments. Neither your organization nor our association could enforce anyone to work adversely to his wish, and it tacitly becomes the duty of each manufacturer and workman to send to the firm needing help by reasons of the strike any whom they can, who desire to work under peaceful conditions, and to discountenance any and all who will not arbitrate disputed questions. It was exceedingly unfortunate that the period of time from the 16th to the 23d ultimo elapsed during which our mutual best interests were assailed. As this was unavoidably due to the illness of your secretary, no further reference is necessary. We beg to say further that at the present writing any factory of our association will employ any help they may need or any branch, providing the applicant agrees to work under the rules provided for our joint direction. We make this response to convey to your body the assurance that under all circumstances the rules must be respected and adhered to, and, further, to tender our appreciation of the action of your convention in their special meeting, of the manly expressions of your delegates to sustain peace and harmony. By order of the Shoe Manufacturers' Association. Howard L. Townsend, secretary.'"

I would not have the members of this commission think that the Lasters' Protective Union refused all overtures for arbitration. There never came any overtures from the Manufacturers' Association for arbitration of this particular case. The overture came from the shoe lasters' association to the manufacturers for arbitration in this case, and they refused it. And a resolution was offered later, in the lasters' union, stating that we were willing to arbitrate the case then pending; and further stating that the average wages of the lasters in one of the factories would not reach \$5, which was not contradicted by the Manufacturers' Association. A committee from the lasters' executive board, by request of one of the manufacturers, waited on them for the purpose of arbitrating, and was told, after they did present themselves according to agreement, that they could not be given a hearing.

Q. (By Mr. LITCHMAN.) Was any reason given?—A. Because no trades union could be received—no committee from any trades union could be received; that all overtures must come through the Central Convention of Shoe Workers, which the lasters' union refused to recognize. The lasters' union refused to recognize any organization which is compulsory and coercive in its application.

To show you that even the rules which they made themselves are not lived up to, I would like to read a few extracts from the minutes of the Central Convention of Shoe Workers. (Reading:) "Violation of rule 12 in the factory of Zeigler Brothers. Extracts from minutes of the Central Convention of Shoe Workers, February 8, 1898. Delegates reported that the Zeigler Brothers' lasters had taken a reduction. It was agreed that the secretary notify the president of the Zeigler Brothers' shop association to have the shop association conform to rule 12 (rule 12 reads: 'No bill of wages will be received from any organization, but all bills shall originate with and be presented by either employer or employee on or before October 1 of each year where any changes are desired, and shall be settled by November 1, to take effect 1st December following, and continued in force 1 year.' Making a reduction in the month of February is a violation of that rule) of rules and regulations governing the factory working under the arbitration rules, and notify the secretary of the action taken. If not, the members of the joint board of arbitration from the central convention were instructed to bring the case before the next meeting of the joint board of arbitration. Henry Thornton, secretary."

Extract from minutes, March 5, 1898: "Communication was read from Zeigler Brothers' shop association stating that they had approved the change in the bill of wages of hand lasters; which was, on motion, received and filed. Henry Thornton, secretary."

Extract from minutes of special meeting of the Central Convention of Shoe Workers, February 12, 1898: "The secretary read the call for the special meeting, stating that the puller-overs for the lasting machines of Hayes-Partridge Shoe Company had quit work in a body. A communication was read from the executive committee of the Shoe Manufacturers' Association; on motion was received and taken up for action. After consideration it was on motion agreed that the men working on that branch be ordered to return to work on Monday, February 14."

I might say there was no further action taken by the central body in that, but I made a note here from a conversation with one of the men interested, as follows: "The men presented themselves on Monday, February 14, at the factory, and were told by Mr. Smaltz that they would not be allowed to work; the same being reported to Mr. Wilkins, president of the Central Convention of Shoe Workers." And the case was dropped. That was also a violation. To show you that the lasters have submitted unwillingly to those rules, I have a memorandum of 1 or 2 communications which I desire to read at this time:

(Reading:) "The lasters of C. S. Gibbons. Extract from the minutes of the central convention of September 4, 1897. The following resolution was offered: 'That it has come to our notice that the lasters in the shop of Charles S. Gibbons, who had a case at the last meeting of the joint board of arbitration, have been discharged. This convention feels aggrieved at the action of said firm and deem it an injury to our side of the joint board.' The resolution was on motion adopted and placed on the minutes."

"The lasters of Laird, Schrober & Co.: Extract from minutes of Central Convention of Shoe Workers December 4, 1897. 'The following communication was received from the Shoe Manufacturers' Association, and on motion received and filed:

"Central Convention of Shoe Workers, H. Thornton, secretary. Dear Sir: The Goodyear welt and McKay lasters of Messrs. Schrober & Co. have quit work and gone out in a body contrary to the rules governing your convention and our association. They claim to have grievances and appealed to the joint board of arbitration composed of representatives of your convention and our association. Their case was heard. The arbitration board decided the case, and now these few misguided men refused to accept the board's decision, thereby imperiling the work of all employees of the factories. We ask that you immediately notify these men to return to work at once, or their places will be filled with the approval of the Central Convention of Shoe Workers. It is the unanimous opinion of our association, and so expressed by resolution at our meeting held to-night, that if the men continue to act as they have they forfeit their right to future employment in factories working under arbitration rules. By order of the Manufacturers' Association. Howard L. Townsend, secretary."

To show you that there is a blacklist kept for the purpose of keeping track of men who are disobedient to those rules, I have here a communication sent by two lasters who both worked in Philadelphia at one time and are now working in Lynn, Mass.

(Reading:) "Lynn, Mass., November 13, 1900. Mr. James Haley, Dear Sir and Brother: We, the undersigned, do hereby swear that while in company with Mr. Charles Elkins [I might state incidentally that this Mr. Elkins is a member of the Manufacturers' Association] in Graff's saloon, on the corner of Fifth and Arch streets, Philadelphia, a conversation was started during which Mr. Charles Elkins made the statement that there were only two men in the city that were blacklisted. This was brought about by Mr. Charles Elkins telling Mr. Jacob A. Overs that if he wanted a job and he was in need of a laster he would give it to him, Mr. Overs replying that he thought he was blacklisted; and Mr. Elkins then replied that there were only two men in the city on the blacklist. Sworn and subscribed before a notary public in Essex County, Massachusetts, Jacob A. Overs, J. E. Foley, Henry H. Green, Notary Public. Seal attached."

The Manufacturers' Association appointed a committee to work in conjunction with a committee from the Central Convention of Shoe Workers, and they made the following report:

(Reading:) "The secretary read a communication from Mr. J. H. Smaltz, acting secretary of the joint committee of the Central Convention of Shoe Workers, and the Shoe Manufacturers' Association appointed a committee to come to a mutual understanding in regard to the communication of August 16, 1900, where the executive committee of the Manufacturers' Association stated there will be no male help employed until Croxton, Wood & Company have their full quota of lasters. The joint committee recommended that said notice of the executive committee is disapproved, and it is recommended that no like notice be issued in future similar cases."

This is from the official minutes posted in the Shoe Manufacturers' Association. I think that is all the data I have collected so far. I want to state that the Central Convention of Shoe Workers was formed at the expressed wish of the Manufacturer's Association, in order to substitute some form of arbitration for the one that went out of existence at the time that District Assembly 70 went out of existence after its struggle with the Manufacturers' Association. The men forming that association could not return to work in the factories governed by the Manufacturers' Association until they signified their willingness to abide by those rules drawn up in accordance with the dictates of the Manufacturers' Association. That has been in existence for 13 years. Efforts have been made at various times to organize the shoe trade of Philadelphia for the purpose of doing away with this so-called arbitration arrangement. It never was satisfactory to anyone, not even to the delegates themselves. The delegates came back from that convention and reported to the men in the shop that they were dissatisfied with its workings at various times; and invariably, when their manhood rose in its strength, and they took courage to denounce it in the convention, they were discharged under rule 1, which gave the manufacturer the right to discharge at all times.

There is another rule which gives the manufacturer the right to change the system at any time between seasons. For instance, if a man is working piecework and the manufacturer is not allowed according to the rules to reduce his wages at that time, he has the right to place that man on weekly wages, thereby giving him a less wage than he could earn by piecework, and vice versa.

Q. (By Mr. FARQUHAR.) Are the arrangements on that scale made twice a year?—A. Only once a year. That is rule 12.

Q. (By Mr. LITCHMAN.) The particular grievance that you complain of is not against arbitration in itself?—A. Is not against arbitration.

Q. You believe in arbitration?—A. I believe in arbitration properly conducted, if both sides are represented fairly.

Q. Are you opposed to strikes?—A. Invariably so.

Q. Do you think that with a system of mutual arbitration strikes could be virtually eliminated from your trade?—A. I believe with honest arbitration it could.

Q. Has there been any change in the rate of wages in the shoe trade in Philadelphia during the last 10 years?—A. Well, for instance, the shoe that we got 10 cents for previous to the present so-called system of arbitration, we now have to do for 5, and in some cases less than 5.

Q. How long has that rate of wages prevailed?—A. It has gradually been brought down to its present condition, each year.

Q. Has there been any increase in wages during the last 3 years?—A. I have no knowledge of it.

Q. Has there been any in the lasters' department?—A. At this present time we get an advance of about 20 per cent, I think.

Q. Compared with what time?—A. Going into effect the 1st of December, this year.

Q. Compared with what time—that is, an advance over what you have been receiving for the last year?—A. For the past year; yes.

Q. Does that affect all the branches of the industry?—A. Only the lasters who are on a strike during the present year.

Q. Was that advance given voluntarily by the employers?—A. I do not know how I should answer that question.

Q. Was the advance the result of this strike you speak of?—A. We believe so.

Q. A demand was made for an increase of wages?—A. A demand was made for an increase in wages by the lasters.

Q. Was that demand granted when it was made?—A. It was not granted when it was made.

Q. Did a strike ensue?—A. Yes.

Q. Pending that strike, was there an adjustment of the difficulty in any way?—A. There was an adjustment made in the free shops.

Q. Was an advance granted in the free shops?—A. It was not granted until the 1st of December, except where a new style was introduced and a new leather was introduced.

Q. The advance, however, will be general in all the shops?—A. Not in all the shops; in the greater portion of the shops.

Q. You say there are 28 factories in Philadelphia?—A. I believe there are about 28.

Q. Can you tell how many hands these 28 factories employ?—A. Somewhere about 2,000.

Q. Does the Central Convention of Shoe Workers embrace both men and women?—A. Yes.

Q. And do the women have delegates in this convention the same as the men?—A. I have never known of there being women delegates.

Q. Have you ever personally attended a meeting of the Central Convention?—A. No.

Q. Most of the delegates, then, so far as you know, are men?—A. Yes.

Q. How far has machinery come into the lasting department? Describe the introduction of machinery.—A. The introduction of machinery in the lasting department has been brought about during the last 10 years and has probably displaced 20 per cent of the lasters.

Q. Have their places been supplied by helpers, finer machines, and an equal number of lasters discharged?—A. It is the custom of the shoe machine manufacturing company to teach an employee of the firm to run the machine, and afterwards withdraw when the employees learn.

Q. That person who is taught, is he a laster?—A. Invariably so.

Q. That is, he is a man who was a laster?—A. Yes.

Q. In that case there is no laster displaced?—A. I would not have it understood that way, because when you take 1 laster and teach him to run the machine, he and another laster would do the work of 3 lasters by the help of that machine.

Q. Now, are these machines applied to all kinds of shoes?—A. Except the turned department.

Q. By the turned department do you mean the shoes made with the Goodyear machine, or do you mean the old-fashioned turned shoe?—A. I mean the shoes made by the Goodyear machine.

Q. Then the application of the lasting machine is general in the trade?—A. Yes.

Q. In all the factories in Philadelphia?—A. With very little exception—small shops.

Q. So far as you know, does that condition prevail in the factories in New England?—A. Yes.

Q. How far was the introduction of that machine an instrument for the breaking up of the lasters' union?—A. I am not capable of answering that.

Q. (By Mr. FARQUHAR.) In your own shop did the lasters object to the machine?—A. No.

Q. (By Mr. LITCHMAN.) Have you any remedy to suggest by legislation to get at the grievances and complaints which you make?—A. Our committee have some suggestions to make for legislation in regard to the army contracts. We are suffering very severely in the way of army contracts, the way they are given out, particularly in this locality. The army contracts sometimes are taken by merchants who are in other business as well as shoe dealing—merchants who are not in the shoe-manufacturing business—and are again sublet to manufacturers, and in one particular instance a dry goods merchant takes a contract for making army shoes and sublets it to a manufacturer who makes his other work, who would not accept it under any other conditions. The conditions are that if he refuses to manufacture the army contract he loses the contract of making his

other work. This dry goods merchant handles a great many shoes, and his custom is sought very much.

Q. Would you care to name that dry goods merchant?—A. No; I have no hesitation. There are two in the city of Philadelphia who take contracts in that way, though I refer principally to one—that is Mr. John Wanamaker. I will further state in connection with Mr. Wanamaker that 3 years ago, while I was secretary of the Central Shoe Council of Philadelphia, I wrote Mr. Wanamaker and asked him if he thought it was right, being a public-spirited man and one who had political aspirations in the State of Pennsylvania—if it was right and proper for him to send his army work into the State of New Jersey to be made under conditions which I named at that time, saying that the shoemakers of Philadelphia were the men who made those shoes. There were no shoemakers in Vineland at that time who could manufacture those shoes; they were made entirely by hand. The shoemakers of Philadelphia had to go down to Vineland and stay there a week, paying their board down there for a week and paying their railroad fare, which cost them \$1.50, and returning after having about \$5 deducted from their week's wages. I asked him if he thought it was fair to do that, and I asked him, if he got another contract, would he sublet it in the city of Philadelphia, thereby giving the Philadelphia shoemakers a chance to earn this money and live with their families. Mr. Wanamaker wrote me and said he would, provided I could show him a place in the city of Philadelphia where his work could be done with satisfaction. That promise he has failed to live up to. I find since that time that he has sublet some of the army contracts to a house in Chicago, and he still continues, when he gets a contract, to sublet it in Vineland, N. J.

Q. Are any of his army contracts sublet in Philadelphia?—A. One or two have been sublet in Philadelphia.

Q. How recently?—A. One portion, which Mr. Keeley, in Vineland, N. J., could not finish, was sublet in Philadelphia. We find also that Mr. Ellis Gimbel, of Philadelphia, takes army contracts and then sublets them under the same system.

Q. Is he of the firm of Gimbel Brothers?—A. Of the firm of Gimbel Brothers, having a large shoe business.

Q. Are their army goods made in Philadelphia?—A. The army contracts—some of them were made in Philadelphia—I believe they were all made in Philadelphia. My colleague, Mr. Healey, says that Mr. Ellis Gimbel had his last contract made in Auburn, Me. What we particularly complain about is that we have received reports in Philadelphia that those other shops were doing the work for a less amount than the Philadelphia lasters were getting, and consequently the Philadelphia lasters had to be reduced to the same figure in order to give our employers a chance to compete with those outsiders.

Q. Does the question of immigration affect you at all here in your locality?—A. We do suffer some from the immigration.

Q. Can you explain in what way and to what extent?—A. One or two cases have come under my personal knowledge. I have found immigrants newly landed going into the shop where I have been working, and, after hearing the prices that were being paid, offering to work for a less amount. That has come under my personal notice.

Q. Were they shoemakers?—A. Supposedly.

Q. I mean by that, did they come in to learn the trade, or did they have the trade when they came here as immigrants?—A. That question I could not strictly answer because they were not put to work.

Q. You mentioned this matter of Mr. Wanamaker in connection with army contracts when asked if you had any remedy to suggest to the commission. Now, what remedy do you suggest to meet that case that you cited?—A. Something after the style in which the contracts of the city government of Philadelphia are let—that no one be allowed to take a contract unless he is thoroughly prepared to execute it himself.

Q. Does the system of subletting contracts in the shoe trade resemble to a degree the sweating system in the clothing trade?—A. I hardly think the evil is so great.

Q. Differs in degree?—A. I hardly think the evil is so great as the sweating system in the clothing trade.

Q. Do you have here in Philadelphia a system of shops that take out contracts from manufacturers?—A. In the shoe business?

Q. Yes.—A. No.

Q. All of the shoe manufacturing is done substantially in the factories?—A. Yes, in the factories.

Q. You understand what I mean by the factories?—A. Yes, I thoroughly understand that. I wish to say right here that the manufacturer by whom I am now

employed has taken a contract. The contract was sublet to him at a figure less than he bid for it himself—in order to keep his masters employed.

Q. Are your relations pleasant with your present employer?—A. Most pleasant, yes.

Q. And can you say that of all the men that he employs?—A. Yes.

Q. Have you any objection to giving the name of your present employer?—A. Mr. John Mundell. He is a man to be envied in that respect. He is a pure philanthropist, I believe.

Q. Do you care to go into any further explanation of your own difficulty in getting employment after the trade trouble of 1887?—A. Well, it might be considered personal, though I have no objection, if you wish it.

Q. Only as bearing upon the general difficulty of getting employment if a man engages in a labor difficulty.—A. At the time that the present system of so-called arbitration went into existence I was working for a shoe manufacturer, a member of the manufacturers' association. I was not allowed to return to work in any factory for more than 5 years. A book—what we called the blue book; it bore a blue cover—was gotten out by the manufacturers' association, and each prominent officer and member of the Knights of Labor was given a page and sometimes two in that blue book by the secretary of the National Manufacturers' Association. That book, in my belief, was distributed broadcast to the members of the National Boot and Shoe Manufacturers' Association.

Q. (By Mr. FARQUHAR.) The book was gotten out by the Manufacturers' Association?—A. By the secretary of the Manufacturers' Association, for which reason he received a gold watch and other testimonials of the kindness of the Manufacturers' Association, national and local. That book, as I have said, was sent broadcast, and I received 2 pages in that book, saying that considering I was a young man I was deemed very clever, etc., which, in my estimation, was the means of keeping me on the street for 5 years. I believe honestly I was kept on the street through the medium of that book for 5 years. I know of others who were treated in the same manner.

Q. Do you think of anything else that you care to state in a general way?—A. I might say incidentally that we make shoes here now and export those shoes to all parts of the world. We export shoes to England, Germany, the greater portion of the continent of Europe, South Africa, and Australia, right from the city of Philadelphia.

Q. Have you any information as to the percentage of the product so exported?—A. No; I would not present any figures at all. I do not know any percentage. It is very small, I believe, but it tends to show that it is on the increase. What we run year after year is on the increase.

Q. Is there any special kind of goods manufactured for the export trade?—A. A fine grade of goods is manufactured; a very fine grade of goods.

Q. It embraces all kinds of goods—children's, misses', and women's—made in the factories?—A. I think they are all women's—exported. There is a cheaper grade of goods made for export to the continent of Europe. The better quality of goods go to South Africa and Australia.

Q. Are the goods exported in every respect equal in style and quality with the goods used in the home market?—A. Yes. Those for South Africa and Australia are of the highest quality; those to the continent of Europe are a cheaper grade.

Q. (By Mr. KENNEDY.) Is it your understanding that Mr. Wanamaker enters into a contract with the Government to make large quantities of army shoes and that he has no facilities for performing that work?—A. Yes.

Q. And he sublets it to shoe manufacturers?—A. Yes.

Q. Do you know whether Mr. Wanamaker, in that transaction, makes a profit himself?—A. I could not answer that very well; I could not say. I do not know what the terms of subletting are.

Q. Do you know how large a contract he has taken?—A. Sometimes the rates are 100,000, and sometimes as high as 200,000. During the Cuban war I believe he had a contract as high as 200,000 pairs at one time, some of which were made in Philadelphia and some in New Jersey.

Q. Have you any knowledge as to whether or not he sublets them at a price lower than that at which he made a contract with the Government for former work?—A. I have no knowledge of that kind.

Q. (By Mr. CLARKE.) You spoke of Mr. Wanamaker as a dry goods merchant; is he not a general merchant, carrying a large variety of goods, including shoes?—A. When I said that I inferred that shoes were considered dry goods. I do not know how near I am to being right. He is classed as a dry goods merchant in the city.

Q. He is classed as a general merchant, is he not, carrying on large department stores in Philadelphia and New York?—A. Yes; we have such knowledge.

Q. (By Mr. KENNEDY.) Before you began your testimony you expressed the fear that your committee would be discharged from their employment for giving testimony before this commission. I judge from what you have to say about your own employer that you have no fear for yourself.—A. Unless the Manufacturers' Association would vote that I be discharged, as in the case of the president of the Lasters' Protective Union.

Q. Could they by that action compel him to discharge you?—A. I believe so.

Q. He is a member of their organization?—A. Yes.

Q. If he should refuse to discharge you for giving testimony, if they should take such action as that, would they have any means of punishing him in his business?—A. I believe he would be subject to a fine.

Q. Could they prevent him from getting materials to carry on his business?—A. I could not answer that question.

Q. You do not know whether they have such regulations?—A. No. Another member of our committee has not presented himself. I am satisfied that it is fear which keeps him from here and the fact that he works for the same firm which I worked for when I was discharged.

Q. I would like to ask you about rule 3, which says: "Each manufacturer is to regulate his or their working hours, but in no case shall a day's work exceed 10 hours," etc. Do I understand that this rule puts the matter of working hours beyond the pale of arbitration?—A. Yes.

Q. That is a matter that can not come up for arbitration in this joint convention?—A. Yes. I might explain that, as I have some knowledge of the cause of it. We had such a rule as that in our joint arbitration rules when the Knights of Labor existed and we were in it as a body. Some complaints were entered that portions of the factory worked longer than the regular hours. It is very hard to regulate a factory to keep all departments going in the same condition. Sometimes one department working 8 hours can do more work than the department which follows it can do in 8 hours, and as a consequence that particular department has to work longer, work another hour or two, in order to keep up with the other portion of the factory.

Q. What I want to learn particularly is whether this matter of hours can be a matter of arbitration, or whether it ever has been a matter of arbitration between the workers and the employers?—A. There has been complaint from those departments which were forced to work this overtime. They complained because they were forced to work more hours than 10 in any one department. The excuse which was offered was that their department could not keep that portion of the factory in proper condition; that is, take the work as it came along and pass it to the next department while working the same number of hours that the other departments worked, and as a consequence they were obliged to work more hours in that department in order to keep the factory moving.

Q. (By Mr. LITCHMAN.) Is your compensation by the day or piece?—A. We work piecework entirely.

Q. That is, in your own branch. Does that prevail in all branches?—A. No; the manufacturer has a right at all times to change his system according to these rules.

Q. What is the general practice?—A. The general practice is piecework.

Q. Then the question of the hours does not enter in so much where the pay is by the piece, only as to physical exertion?—A. There is no question as to the overworking of pieceworkers and week workers alike. They have to work when those hours are called for.

Q. But the pieceworker does that much more work if he works that number of hours longer, doesn't he?—A. Yes.

Q. And, of course, he gets simply the regular rate for that extra time?—A. Just the regular rate.

Q. (By Mr. KENNEDY.) Would your union be willing to enter into an arbitration arrangement with the shoe manufacturers, the terms of which should be that there should be no strikes and there should be no lockouts, provided that your union might select its arbitrators uninfluenced by the shoe manufacturers?—A. We would be willing to make such an arrangement. It is the very thing we seek.

Q. Does this Central Convention affiliate with the American Federation of Labor?—A. No.

Q. Have they ever sought affiliation with that body?—A. No; they would not be recognized as a legitimate union of any kind.

Q. Your union would protest against them?—A. Oh, yes.

Q. (By Mr. FARQUHAR.) Do you belong to the national body of lasters?—A. Yes.

Q. Have you a union here in the city?—A. A branch of the national union.

Q. How long has it been in existence?—A. This local branch has been in existence since February of the present year. It has existed here before, twice; but each time was crushed out by the power of the Manufacturers' Association, its officers being discharged, and such a threat kept hanging over their heads that men were afraid to belong.

Q. Are there any other branches of the shoe trade working under national charters in the city but yours?—A. No; not at the present time.

Q. The lasters is the only one?—A. That is all.

Q. What is the average wages the lasters make, steady work, in a week?—A. We have set the average below \$5.

Q. Per week?—A. Yes; 52 weeks.

Q. How steady is your employment in the year?—A. We work about 50 weeks.

Q. Fifty out of the 52?—A. Yes.

Q. The machine must do the work, and the man does nothing, does he, but just look after it, attend to it so that it does not get out of order?—A. The machine must be operated by an expert laster and the shoe must be prepared by an expert laster, otherwise the machine is of no effect. The machine is virtually only an assistant to the laster.

Q. How many are working each day for this \$5 a week that you speak of—how many hours a day does that take up?—A. They are expected to work 10 hours.

Q. Is that \$5 the average wage you are mentioning now, or is it the minimum wage?—A. It is the average wage.

Q. What is the best wage that can be earned?—A. Well, we have some exceptionally fast workers. I am classed among that number myself, and my colleague. We have made as high as \$22, but of late years—I think I have during the present year got about \$18.75 for 1 week's wages.

Q. Working how many hours in that week?—A. Working 60 hours.

Q. Then how far does it go below?—A. We have some in the factories coming out with \$2.75, \$3, and thereabouts.

Q. Adults?—A. Yes.

Q. What class of work do they do?—A. They do lasting on all kinds of work, children's, misses' and ladies' work. It must be borne in mind, however, that during this 60 hours the laster is not employed but he is expected to remain in the factory. Sometimes he waits as much as 2 or 3 hours in a day. A man works perhaps 3 or 4 hours and waits an hour or 2 hours again. That is a good deal of the cause of it.

Q. Do you see any remedy in your small wages, in the future?—A. The future is not very bright with hope.

Q. Have you any knowledge of what they pay in New England for the same class of work?—A. Yes.

Q. What is it?—A. The prices are about the same per pair, but the conditions are better—that is, the laster gets more employment. The system is a better one from the fact that the New England manufacturers produce more goods in their factories than we do in the city of Philadelphia, and they keep their hands employed better.

Q. (By Mr. LITCHMAN.) But do the factories in New England work 50 weeks out of the 52?—A. I believe they work about 50 weeks; I think they do.

Q. (By Mr. FARQUHAR.) Are men expected to support families and raise families on this wage, or are you men nearly all unmarried, young men?—A. I have a son serving in the Philippine Islands; I raised him by lasting. He is serving his country there.

Q. But your work is far above the average.—A. My family is of age. I am not raising a family now. There are those who are raising a family, who are endeavoring to raise a family with the assistance of their neighbors, on that wage.

Q. Seemingly, you have the whole organization of workers in this Central Convention of Shoe Workers. How, by any arrangement that is possible, can changes be made in these rules so long as this large body of workers remain faithful, you may say, to the rules themselves, whether under constraint or voluntarily? How do you intend to reform or make a change in any way whatever, provided they can not offer better wages or shorter hours?—A. The only hope that our people have is to connect themselves with a legitimate trade union, and be represented by a business agent or a committee for the purpose of arbitrating difficulties. But while the Manufacturers' Association are prepared to discharge every active man and every active officer belonging to a legitimate trade union the probabilities of those employees connecting themselves with a legitimate trade union are very remote.

Q. You stated that the wages in New England are very much better than the wages here in Philadelphia?—A. The average price per pair. The wages are much better, much higher.

Q. Would the fact of your coming under trade union organization advance your wages or shorten your hours?—A. We would be in a position to make demands which are now denied us.

Q. Do you believe the trade could answer these demands favorably? Is the trade prevented through competition of other sections of the country? Can the Philadelphia trade, in other words, stand it if you did make a demand?—A. I am sure they could. The market is open; the selling price would be the same for them as for the New England manufacturers, and I think it would not be putting them to any inconvenience to give us as much wages as the New England shoemaker gets.

Q. You said a moment ago that part of this work went to New Jersey. How are you going to compete with the cheap shops of New Jersey?—A. By organization in the trade union and the national body, setting the same prices to be paid in New Jersey as in Pennsylvania, in Ohio, and in New York. We believe in the same amount being paid in any one State as in any other, thereby giving the same facilities to the Philadelphia manufacturer as the Chicago manufacturer or the Boston manufacturer. The leather is manufactured in one locality, and I believe that Boston is the selling agency of most tanners and leather traffic places, and Boston is the market for leather, and this manufacturer should have the same privileges as the other one, who would buy in the same market and who would sell in the same market; and it would be only justice to one manufacturer that the other men would pay as much as he.

Q. You are assuming that it takes just the same money to sustain you in Boston and in New York as it does in Philadelphia; but are you aware that the testimony before this commission is that the expenses of the workmen of Philadelphia are less than in other cities, and that they enjoy more comforts than workmen do in other cities?—A. I hardly think a trade union member would make that statement.

Q. Can you equalize the cost of living in cities so as to make a uniform scale of prices for a trade union?—A. I have traveled much myself in the United States, and I have found very little difference in the cost of living for a workman in any city. I have worked in all the large cities of the United States; I have worked in Boston, Lynn, Brockton, New York, Brooklyn, Philadelphia, Chicago, St. Louis, and Rochester, N. Y., and I have found the cost of living invariably about the same in those cities.

Q. The question was asked, and the commission, of course, is desirous to know, how your body of men, the lasters, or the whole body of the shoe workers can better their condition in wages and hours of labor, and it is put to you as a workman.—A. Well, candidly, I have no suggestion to offer.

Q. You already entered partly into it, but you did not seem to conclude it. I did not know but what you probably would enter more fully into it.—A. I am a trade-union man. I always have been a trade-union man, and I have endeavored to live up to its principles. I sometimes feel sorry that the condition of things is such. When I find some members of the craft to which I am attached going home on Saturday to their families and perhaps cooking the coffee-pot with the same amount of coffee in there that has been boiled five or six times, after working hard all day, and often his bread without butter, and his children without shoes and clothing, I simply think that I must bring this before this commission or anybody else. I feel also that I am a Christian. I endeavor to live a Christian life, and my charity comes to my relief when I find such cases as these. I have seen the time when children of members of the association to which I belong have died for want of medicine. I have bought medicine for children when it was too late. I have seen those children die for want of proper nourishment. I have seen children lying unburied for want of the price wherewith to bury them. I have had varied experiences of that kind; but, as I have already stated, I have not come here for these purposes, and it is with regret that I speak of them.

The condition of the shoe trade in the city of Philadelphia to-day is deplorable, and there is no hope. The Manufacturers' Association have the shoemakers of the city of Philadelphia by the throat, in such a condition that when a shoe worker comes into a factory in the morning he feels as if he leaves his heart outside the door and goes to work without it, else he can not work in that factory. I would not have you think that of the manufacturer that employs me, and I do not say that because I work there. He could live under the conditions that the Manufacturers' Association force him to live under. I have seen men turned away from the factory because they would dare to say that they would not submit to these rules. I speak this from experience. I think I have traveled much, and I never saw anything that could compare with that—never in my life, and I have traveled the continent of Europe as well as America. I have never seen

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it. It is a shame. It is an outrage on the ~~part of~~ the city of Philadelphia—that system of so-called arbitration.

Q. (By Mr. LITCHMAN.) This commission endeavors to get information on social conditions. It is required under the act which creates it to make recommendations, both to Congress and to the legislatures of the different States, that may remedy any evils complained of, and it is because of that fact that you are asked to suggest any remedy which may occur to you, and a suggestion from you in that direction may assist the work of the commission.—A. It would be impossible for this commission to suggest, or even if they did suggest, it would be impossible to have any remedial legislation bearing upon this particular case. It would be impossible; legislation would not cover it. The judiciary itself would be doubtful for finding a remedy for these conditions.

Q. Then the remedy which suggests itself to you is a better system of organization among the workmen themselves?—A. Among the shoe workers.

Q. And then the right for that organization to be consulted in a system of arbitration that is established between said organization and the manufacturers?—A. And the manufacturers.

Q. Do I understand that to be your position?—A. In other words, establishing an enforced, compulsory system of State arbitration.

Q. You believe in that?—A. I believe in it in such a case as this is; I do believe in it, although I have seen better systems of arbitration than that controlled and emanating from the State; but in these cases it certainly would be a remedy.

Q. It would be preferable to the present conditions?—A. Much preferable.

Q. Now, supposing a decision of a board of arbitration should go against the help or the employee; how could it be enforced?—A. Enforced on the employees?

Q. Yes.—A. Oh, they would unmistakably live up to any judgment of that kind. They would unmistakably live up to any verdict which a State board of arbitration might produce.

Q. In your experience as a trade unionist, have you found a loyalty to decisions of boards of arbitration as a rule on the part of the workmen?—A. Yes.

Q. Even if the decision was adverse?—A. Even if the decision was adverse. I might state further, in connection with the causes which led up to this so-called system of arbitration, when District Assembly 70, Knights of Labor, had representation on the joint board in connection with the Shoe Manufacturers' Association, arrangements were made whereby, if the Manufacturers' Association representatives and the shoe workers' representatives failed to agree on a question of arbitration, each side would appoint one person and those two would appoint a third. There was a particular case before that so-appointed board of arbitration of three, and the Manufacturers' Association, feeling that the decision of those three so appointed was against them, led up to the commencement of this system. That committee was about to decide against the Manufacturers' Association, when they locked their employees out and forced upon them this present system.

Q. Do you recall whether the number of people employed in the trade when D. A. 70 had control was larger or smaller than the present number employed?—A. We paid per capita taxes to the national and the general assembly at that time on 8,300 members.

Q. Men and women?—A. Men and women. Understand that this was not our strength numerically; but we paid per capita taxes on that number in good standing, and we carried on our books about 5,000 shoe workers.

Q. So that the number was nearly twice as large as now employed in the trade in the city?—A. I think it was about twice as large.

Q. (By Mr. CLARKE.) Did you personally make a computation of the average wage of the lasters about which you have testified?—A. No. I gained that information from an employee of one of the factories that was then on strike, and a resolution was offered in the lasters' union that would call the attention of the public to the fact that the average wage in that factory was much below \$5 a week; and that factory is considered one of the best.

Q. Do you know how that average was arrived at?—A. Well, no. I did not do any figuring on that myself. I presume it was gotten in the usual way.

Q. Do you think that statement of the average in that factory is substantially correct as to the average wage in all the shoe factories in Philadelphia?—A. From information received at various times from individual members, I think that that is correct. I usually hear complaints from the various factories and am told the wages earned by members in the various departments, and they are very low in that factory. I know that there was one man whose average wages was less than \$4.

Q. Was that due in that case to a lack of skill on his part, or to a lack of his

being employed the proper amount of hours to make good earnings?—A. As I have already stated, he would have to do some waiting, and he was not a fast man, what is considered a fast worker, so that both causes would tend to bring about that result.

Q. Do you have to do any waiting?—A. Yes.

Q. And yet, in spite of that waiting, you are able to make good wages?—A. Fair average wages; yes.

Q. You say fair average wages; you mean much above the average?—A. Yes. I am considered one of the most steady—I say this without any egotism—I am considered one of the most steady workers in the city of Philadelphia.

Q. Are not most of the lasters who are employed skilled men?—A. They certainly are.

Q. And good, steady, temperate, industrious men?—A. I won't answer that in the affirmative.

Q. Capable of doing a good day's work if they get the opportunity?—A. We have exceptional cases. Shoemakers as a rule are fairly temperate men, but we have exceptions.

Q. Then the average is reduced sometimes by the fault of the men?—A. The per cent is so small it actually has very little bearing. I would not leave it on that. The shoemaker of to-day does not compare with the shoemaker of 50 years ago, when he took Monday, Tuesday, and probably half of Wednesday off, and then made a week's wages. He can not do that to-day. He has to present himself at 7 o'clock in the morning and stay until 6 o'clock in the evening, or his place will be supplied very soon and he will be looking for a job, which he will take better care of next time.

Q. (By Mr. FARQUHAR.) Are there many lasters out of employment?—A. At this time we have probably 50 lasters out of employment in the city of Philadelphia. The most of them were on a strike during the fall and have not yet got into employment.

Q. (By Mr. CLARKE.) Since you favor better organization, would you favor incorporation of trades unions?—A. Yes; I would be in favor of incorporation. I think that would give us a better standing before the public.

Q. What would you say to a law to the effect that whoever inaugurates a lockout or strike without first petitioning for arbitration should be subjected to a proper penalty?—A. I am afraid that would be too arbitrary. I would not like to answer that question.

Q. (By Mr. FARQUHAR.) Does not that do away with one of the divine rights of the workingman, to a strike when he pleases?—A. I am afraid it would deprive him of his rights.

Q. (By Mr. CLARKE.) I hardly think you understand the question. Let me repeat it. What would you say to a law which should subject to a penalty anybody who would inaugurate a strike or a lockout without first offering to arbitrate?—A. I could not answer anything more than I have answered. I could not compel a man to work if he did not feel inclined to. It is a God-given right which he has a right to exercise. His brain is God-given, and he has the right to convey his ideas to somebody else to the best of his ability. You would be depriving him of his rights.

Q. I understood you to say you favor arbitration?—A. Yes.

Q. Very earnestly?—A. Yes.

Q. And that you earnestly oppose strikes and lockouts?—A. As a rule; yes.

Q. They may be a remedy to be availed of in the end after peaceable efforts have been exhausted, but would you not by all peaceable and honorable means endeavor to bring about conciliation or arbitration before resorting to any extreme remedy?—A. Most assuredly. I would answer that in the affirmative.

Q. Well, then, supposing there should be a law which should subject to a fine anybody who would inaugurate a lockout or strike without first offering to arbitrate. Can you see any injustice or hardship in that?—A. I think I come around to your way of thinking, now, that it would be right to have a penalty imposed in a case of that kind; but of course the laws governing arbitration would naturally place a penalty on anyone who would refuse to obey its mandates.

Q. (By Mr. LITCHMAN.) Supposing the commission should recommend a law such as the chairman has asked you about, would that meet your favor?—A. Yes.

Q. The commission has already done so.—A. Then, as an individual and as a member and representative of our union, I have to tender you my sincere thanks, and I should be pleased if you are successful.

(Testimony closed.)

PHILADELPHIA, PA., December 20, 1900.

TESTIMONY OF GEORGE COLLINS,

Shoe laster, Philadelphia, Pa.

The subcommission being in session at the Manufacturers Club, Mr. George Collins appeared as a witness at 9.55 p. m., and, being duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. George Collins, No. 202 Emery street, Philadelphia, Pa.

Q. What is your occupation?—A. I am a shoe laster.

Q. Are you employed at the present time in a Philadelphia factory?—A. Yes.

Q. We will be pleased to hear you state in your own way what you wish to present to the commission.—A. I was in this city about 15 or 16 years ago and worked in some of the factories here, and after working here for about a year or so I went West. I came back again about 8 years ago, and it is from that time that my experience dates of the working of the joint board of arbitration. I was a little anxious to take the stand to give evidence or to make a statement because of something that has not appeared or has been confused in Mr. Goodwin's statement [supra], and that is the operation of the joint board of arbitration in preventing the settlement of grievances. The men that have to submit their grievances to that joint board of arbitration have lost faith in it. It is my personal experience among my shopmates that they have no sort of hope of justice from that joint board of arbitration. If they are complaining and it is suggested that it be brought before the joint board of arbitration, they at once throw up their hands and say it is no use. I have questioned many of them to find out—what I already knew—what their objection was, and it is that the joint board of arbitration is made up of the shoe manufacturers of the city, who are of course acting in their own interests; and they have so arranged it that the men who are supposed to represent the shoe workers are the creatures of the employers. They are, almost to the last, men without character. They are not, as a rule, good workmen. They are receiving favors in the factories for the services they render on the joint board of arbitration.

On this account, for many years—since I have been in the city at least—there is no tendency on the part of the men to state a grievance to the joint board of arbitration at all.

I can illustrate the way in which the men are browbeaten out of any possibility of even presenting their grievances before the joint board of arbitration. I may as well state it. I guess I am under the same liability as my friend Goodwin, of losing my job, but I suppose I can get another job: Laird, Schober & Co. are my employers. I am not very well acquainted with my employers, but I believe them to be gentlemen, because I know nothing to the contrary. Whatever disagreeable work they have to do they do it through the foreman or through the superintendent. This year this was one of the factories not affected by the strike. No strike was declared on that factory. It was talked over among the lasters and they said: "Doubtless our employers will see that we are willing to treat with them on their own terms and on their own grounds. We will present a bill." That bill was signed by every laster, second laster, and jacker on the floor. The jacker is a man who works between the laster and the second laster. Each time a levy is made for the support of the central convention they take it out of my envelope for the operator, second laster, and jacker. When this bill was sent down this year, the firm informed us they did not employ jackers at all, and did not recognize them. They did not recognize them as working in the factory at all, but still every time this levy is made for the expense of carrying on this scheme of arbitration, they take it out of the envelope. That is a digression. We sent this bill down and it was pointed out that they did not employ jackers, and no consideration of the jackers could be had. We had sent down a bill asking an increase of 1 cent for the laster, 1 cent for the second laster, and one-half cent for the jacker. The jacker is probably the hardest worked man for the money he gets of any man in the shoe trade. We met this alteration, and we then struck off the jacker's name and added one-half cent to the second laster with the understanding that the second laster would pay it to the jacker. After the bill had been down there several days, the foreman came up and told us that the firm thought we were joking; that they would not consider anything like that at all; would not receive it even. We waited around for quite a long time, and they would take no notice of it at all. They said the thing to do was to withdraw it, and the bill was withdrawn. It was withdrawn under stress, of course. It was known that any man who insisted it should go before the board would be discharged.

In that factory where I work there has been no actual reduction in the wages paid. They pay just as much now and perhaps a little more than they did 8 years ago, but the quality of the work has been raised at least 50 per cent, so that the men who are working to-day at the same work do not make more than half what they made 8 years ago, when I first worked in the factory. At that time it was possible for a man to make fairly good wages during the season. I made good wages then myself; now I can not make half what I made at that time, and that is the case with every other man in the factory, and all this has been brought about because there has been no means of protest by the men; because the men are helpless in the hands of the bosses, who are the employers. I do not know whether to call them bosses or not; I do not mean to be disrespectful or offensive, but that is the condition we are reduced to in this city. It is impossible for a man with industry and skill to make a decent living at shoemaking in this city. He is either favored by the bosses and by the foremen or he has what the boys call a "map job." There are some jobs in the factory where I work where the men make very high wages, but these places are very, very few. There are quite a number of men who are working for very low wages.

Q. (By Mr. LITCHMAN.) How far has that condition been brought about by the introduction of machinery?—A. Well, in the branch at which I work—that is, the Goodyear turn work—the machinery has not greatly altered the conditions at all; it has not touched us much different from what it touched us 7 or 8 years ago. The same machinery is used now as then.

Q. What is your branch of the trade, please?—A. I am a turn laster. There are some shoes made in the factory where I work that very little machine work is done on at all.

Q. The machine, of course, has not affected that branch of the trade at all, because it is not used on your branch of the work.—A. Yes. You see, I prepare the shoe for the machine. I last it and the machine sews it. And the jacker and the second laster get it from the machine. That is one of the ways in which the wages have been reduced whilst not reduced in the number of cents paid per pair. The faults of the machine are placed on the men who either precede or follow the machine. We have to bear all the hardship of the faults of the machine.

Q. The jacker is the man who takes the shoe off the last?—A. He pulls out the tacks and trims it.

Q. Who does the turning part?—A. The second laster. He is a very hard worked man, too. He makes about the same wages as the laster.

Q. Is the operation of the Goodyear turn work similar in its results to the old hand work, or shoes made by hand?—A. Hand turned?

Q. Yes.—A. Yes; it results in a shoe of the same kind. One-half or one-third of the work on the floor where I work is made by hand all through to the heels.

Q. How many more tacks are put in in your lasting to carry the shoe to the Goodyear sewing machine than would be used in the ordinary way of sewing the shoe by hand?—A. Not any more. One of the ways in which it works a good deal of hardship for the men is that the machines have to have the tacks very carefully driven. They have to be directly driven. So that a man who is lasting a shoe for the machine has to be very careful and has great difficulty in adjusting the tacks in just the right place for the machine. The machine sometimes goes on a tear, or there is an operator who is not the master of the machine, and he will damage the work. That damaged work is not blamed on the machine at all, but it is laid to the blame of the second laster or the laster, and they have to make it good. They have to pay for shoes that are damaged by the machine in many cases. It is not easy after a shoe is made to tell just when the damage occurred. It is not even easy for skilled shoemakers. There is always a tendency on the part of the boss to favor the machine as against the man, because he can not fine the machine very well.

Q. Is any blame placed on the operator of the machine?—A. In very few cases it would go to the operator, of course, and they would get a new operator, a better operator, but they always favor the operator and machine. Operators, by the way, in the factory where I work are making during the season perhaps in the neighborhood of \$35 a week, and a man who is working by the same bench and doing much harder work and working longer hours is working for \$6 or \$7 a week.

Q. Is that due to the fact that more skill is required to run the machine?—A. I do not think so, because there is no lack of skilled operators. There was a time when the operators were scarce, but that was many years ago.

Q. Is there an opportunity for the men now to learn to operate the machine?—A. Not so much as years ago, because they are all filled, and they do not die young. I do not mean to be funny, but they do not seem to die.

Q. They work by the piece the same as the other men?—A. In most factories they work by the week, and they work for from \$15 to \$18 to \$20 a week. In the factory where I work they are still working at the old rate of 3 cents and 8¢ a pair for shoes. Slippers are a little less. It seems to me that is what has hurt the men. The difficulty is the men are not organized and in a position to assert themselves at all. These things come upon them very gradually, and the wages have been reduced in that way more than by any actual cut in the rate per pair, especially in the factory where I work. They make a very high grade of work. I suppose they make more shoes for export than any other factory in the country, and a finer grade of shoes than any other factory in the country. They make shoes for London, Paris, Berlin, Vienna, and other places.

There is another thing caused by the lack of organization; there is no way in which the men can assert themselves through this arbitration board; there are many things that can not come before this arbitration board. The internal management of the factory, for instance—in this it has given support to the employer and his foreman. I do not suppose it is from lack of heart but from want of consideration, but the employer will turn loose among the men any kind of blackguard foreman he can find anywhere.

I know of a case in this city, and I might as well mention the name; he worked as second laster for me. He was hounded to death by the foreman and I think it was done with the knowledge of the boss. His name was Nick Simpson. He cut his throat. He was working for Ziegler Brothers, and Ziegler Brothers, I am sure, had knowledge of what was going on. They had a drinking blackguard of a foreman whom they expected to get services from in that way. There was some disagreeable work to be done and they let him loose upon the men.

Q. Do you mean to have us understand this man committed suicide as the result of the treatment?—A. Yes. He told me he was going to do it. He sat down by the machine and told me. The foreman was at him all the time. He would blame him for the mistakes of his own work, for the faults of the machine, and even for my faults; and the foreman encouraged me and used me in a way to punish that man for some personal spite of his. He crouched down by the machine back of the bench, and told me he did not see what a man had to live for. After the turn season was over Ziegler Brothers gave him a job to last McKaye work. He was not expert and he showed me his envelope on Friday or Saturday, and he committed suicide on Monday. And he asked me whether I thought it was worth while for him to live any longer. He had made, I think, \$3.85—something like that. I said, "Nick, you did not work all week." "Yes, I worked every day."

Q. You have heard the testimony of Mr. Goodwin and the questions asked him. Have you any remedy to suggest for the condition of affairs of which you complain?—A. Only to suggest to the men who are actually concerned—that is, the shoe workers of this city—that they should be thoroughly organized and enforce their rights, or what they understand to be their rights.

Q. What is your opinion of arbitration—I mean now arbitration under the authority or encouragement of the State or the Union—as a means of settlement of disputes between employers and employees?—A. Under its encouragement, I should say it was all right; under its compulsion, no.

Q. You differ with Mr. Goodwin on that point?—A. That must never occur. If the workmen do that they will do what they have done in this local case—they will hand their affairs over to their masters. You see the employers do not have to fight the men so long as this joint board of arbitration remains in power. They only have to secure the services of the men's representatives. It is a much easier way to do it than it is to handle the whole crowd. I am altogether and all the time against compulsory arbitration. I favor arbitration in all cases where the parties arbitrating meet on fairly equal terms, and where the arbitrating body has no other interest but the common weal—has no personal interest in the case; but not arbitration that is manipulated by one or the other side.

Q. Do you think an attempt at conciliation should precede a strike?—A. Always.

Q. Do you think that conciliation or an attempt at conciliation should precede a lockout?—A. Always.

Q. You would then be in favor of a law that would compel an attempt at conciliation before a strike or lockout should be permitted.—A. No.

Q. Why would not that be an excellent condition of affairs?—A. I am certain of this—it is only an opinion though—I am certain of this, that the workmen in any particular trade get just what their organization entitles them to get; I mean by its numbers and the perfection of its organization, no matter what the law is; and there is a beautiful illustration I would like to give you. There were some laws on the statute books in connection with the condition of the coal miners up in this State, but they were not enforced. It took a labor organization to enforce

them. I am a member of the United Labor League in this city, and there is continual complaint of the nonenforcement of the labor laws.

Q. Supposing any branch of organized labor had submitted to it a grievance on the part of the workmen employed in any branch of industry, and representing that branch they applied to the employers for a hearing so as to bring about this conciliation that would prevent a strike; there would be no objection to a law that would compel the employer to give a hearing to these men?—A. If it could be done by law I should not object to the law, but I know it can not be done in that way.

Q. Assuming it could be done, you see no objection to it?—A. Except that I should not like to interfere with the free action of the employer and in that way injure my own right to freedom of action.

Q. Do you think it is right for the employer to lock out his men without a hearing?—A. Under present conditions, yes.

Q. You do?—A. Yes.

Q. You think he has a perfect right to do it?—A. Yes.

Q. And you can suggest no remedy for the hardships that may follow that condition?—A. No; none at all, except the complete organization of the men.

Q. What effect would complete organization of the men have if the employer locked them out?—A. Complete organization would enable the men to dictate the terms under which any business should be carried on.

Q. But in the condition of organized labor in general, how could a lockout be reached by the labor organization?—A. Lockouts have been reached and ended; sometimes taken off and withdrawn in favor of the men. If there is complete organization all the time that would happen.

Q. In cases of lockout, have the successes been so great as the failures of the men?—A. No; I think the men are getting the worst of it all along, because they are not as well organized as the employers.

Q. Do not have a complete organization?—A. No. Where we have complete organization we have good success, good results, and where we have lack of organization we have poor results.

Q. What is your opinion of the effect of immigration on these classes?—A. (Interrupting.) I am a free labor man, and do not wish to shut out any man from this country or any other country. I like to have the right to go myself wherever I choose, and like for every man to have the same right. I do not think I am injured by the people who come to this country to work.

Q. Do you think there is no effect on the labor supply by the importation into this country of 500,000 immigrants in a single year?—A. Yes; it lowers the wages here.

Q. How would you meet that injury?—A. By complete organization again. I do not know of any other remedy. Perhaps it is not a complete remedy; it does not meet all cases.

Q. Do you think you could organize the class of immigrants coming to this country at the rate of 500,000 a year?—A. I believe them to be as good as I am, and capable of becoming as good union men. The shoe manufacturers in this city—I am not in possession of the proofs of this, but I believe they went to Italy and introduced some Italian shoemakers into this city about 12 years ago; made an importation of Italian shoemakers into this city, and used them against the men here. But these Italians are just as good as we are, and just as likely to become good union men. Many of them are in our unions at this time. The mistake was made by the shoemakers who were in Philadelphia at the time in abusing them and in showing a feeling of hostility toward them.

Q. What do you think of the incorporation of trades unions?—A. I agree with Mr. Goodwin, my shopmate, that it would give them better standing before the law and the community.

Q. Have you any remedy to suggest for the evils against which you complain, other than the complete organization, complete as may be, of the workmen employed in your trade?—A. Oh, yes.

Q. What other?—A. That is a philosophical view of mine, and it would not interest this commission, likely. I would commence by abolishing privileges and go as far as I could. I believe the evil is not in my employer at all. I mean he is inclined to deal fairly by me, but he is a victim of the system as I am a victim of it, and he must do as he does in the manufacture just as I am doing what I am doing to make a living. I believe in a very radical change of the whole system.

Q. Then do you think your organization of labor would reach a remedy?—A. I believe that the labor organization is the means we are going to use. That is one of my dreams of the future—that through the labor organization we are going to effect the change and effect it peaceably.

Q. But if the difficulty is a difficulty of the system you must change the system?—A. Yes; I believe we are going to change the system through labor organizations. I believe some day we are going to have complete organization of each industry, and at that time we will inaugurate a general strike, and we will just shut out all our employers. We will not shut them out, but will give them an opportunity to work alongside of us. Nothing would give me greater pleasure than to teach my employer how to last shoes. But that is only a fad of mine.

Q. You think he ought to reciprocate and teach you how to run his business?—A. I do not want to know how to run his business. I only want to work. I have no desire but to be a good laster and to make a good living at lasting. I am an old-time shoemaker, and I have had twice to move on.

Q. You are one of the good old shoemakers?—A. My father and his father and his father's father—that is, as far back as I have any ancestors at all.
(Testimony closed.)

PHILADELPHIA, PA., December 20, 1900.

TESTIMONY OF MR. ROBERT DORNAN,

Manufacturer of ingrain carpets, Philadelphia, Pa.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, at 2.03 p. m. Mr. Robert Dornan appeared as a witness, and, being first duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your post-office address.—A. Oxford and Mascher streets, Philadelphia.

Q. In what business are you engaged?—A. I am engaged in the manufacture of ingrain carpets.

Q. What is the name of your concern?—A. Our firm is Dornan Brothers.

Q. How long have you been engaged in that line of industry?—A. Our records go back to 1852 indirectly, and my own directly since 1866.

Q. We would be glad to have you give us any information that you please concerning the capital employed, number of hands, rate of wages, and condition of the industry, where you market your goods, etc.—A. The carpet industry is the one branch of the textiles that has been pointed to with pride as an exemplification of the value of protection, because, from a very slender beginning, under the fostering care of protection, the industry has increased until for 20 years past, I might say, it has supplied almost the entire wants of the whole population outside of what was required by the dictates of fashion in the way of oriental rugs, and the whole product has been marketed within our own country. We enjoyed a singular condition of prosperity in the industry as a whole up to the breakdown in general business conditions about the middle of 1893, and since that time our particular branch of the carpet industry has suffered, I think, great hardship through causes or conditions that I do not think are very generally known.

From 1890 up to 1893 the product, conservatively stated, was upward of 50,000,000 yards annually. It was all sold at home at a fair profit to the manufacturer. Since 1893 the demand for our product has fallen away, so that whereas in 1890 to 1893 50,000,000 yards annually were easily produced and sold, for the year 1900 the total product will not exceed 33,000,000 yards.

Coincidentally with that I want to call your attention to a condition that has confronted us and which I believe is the primary cause for the trouble in our branch of the industry, and its lessened demand, and the hard conditions that obtain now, which I do not hesitate to say at the present moment are absolutely destructive, and show an absolute loss to everyone engaged in the business who makes an honest piece of goods. What I desire to call your attention to is the fact that the increased importation of straw mattings has displaced the 17,000,000 yards of lessened product as shown, and whatever additional would have been required by the increase of population of, say, 15,000,000 from 1892 and 1893 up to 1900. The demand has been just to that extent lessened for our goods. Now, I will show you that the importation of straw mattings (which was 8,000,000 yards in 1892) has grown to substantially 40,000,000 yards in 1900. Now, to my mind this is more than a coincidence. It shows that the importation of the foreign product has displaced the American product and the extent of that displacement has interfered with the employment and compensation of American labor.

Q. What is the prevailing cause of the importation?—A. That is a question I am very glad to have you ask me. The cause is one that is not generally understood as I understand it; but the answer I would give you is this: It is owing to

the divergence in the value of exchanges. In 1890 and thereabouts the value of silver was 90 cents to a dollar per ounce. We did not feel this difficulty when the value of silver was sustained—we did not feel this difficulty in the way of competition when the value of silver was sustained by its purchase by the American Government, as we did when the American Government discontinued its purchase and silver fell from 90 cents and a dollar per ounce to 58 cents per ounce. In other words, the product of the Chinese laborer, paid in silver at a pittance of perhaps 20 cents per day, when converted into gold and brought into competition with American labor, becomes a 10-cent per diem labor product to be competed with. The unit of value of the matting as shown by the Treasury statistics—that is, its gold value—is \$0.067 and the natural value is \$0.137. You can readily understand that that has been an increasing trouble. It has grown from 1892 steadily up to 1900 and has become, in my estimation, the prime factor of disturbance to our industry.

Q. How have the duties been during that time?—A. Free under the McKinley bill, and under the Dingley bill duties were levied at 3 cents a yard on matting costing 10 cents and under and 7 cents and 30 per cent per yard on those costing more. But, as I have shown you, by the operation of the gold standard, in converting the unit of value paid in silver to the gold-standard basis, there is no matting that pays more than a 3-cent duty, and that duty has been absolutely wiped out, because under the operation of gold exchange a 10-cent matting becomes a 5-cent matting, and if you add the duty of 3 cents to 5 cents you are still 2 cents short of the original cost. Therefore, I say, the protection is destroyed.

Q. If, then, the disparity between gold and silver (which has prevailed for some years and now exists) continues, it will be necessary to increase the duty on these goods in order to enable your ingrain-carpet industry to compete, will it not?—A. I quite agree with you. Either that, or one other, is the only remedy by which we can ever hope to get our industry back on a paying basis, and that is bimetalism by international agreement.

Q. (By Mr. FARQUHAR.) With one or more nations, or how many nations?—A. The leading commercial nations in the world.

Q. At least 5 European nations?—A. I should take England, Germany, France, Austria, Russia, and join America with them, and they will control the world on that subject.

Q. (By Mr. KENNEDY.) The price of silver was down to this low level at the time the Dingley bill became a law. Why was not this matter rectified at that time? Was it not understood?—A. Have you had any experience in attempting to procure legislation that might be favorable to anything you were interested in? That is not the proper kind of answer, but it goes to the situation when I say that such an effort was made. I, personally, put the matter before Chairman Dingley and Mr. Dalzell and the present chairman, Sereno Payne, of New York. They recognized the importance of the matter and agreed to give us a 10-cent duty on mattings at that time. That would only have restored the original cost and a reasonable protection; but the Senate threw it overboard and put matting back on the free list; but by the heroic efforts of the then senior Senator of this State, whose star is under a cloud, but whom I shall always proclaim as the best friend of the industrial interests of this city, we got a 3-cent duty on matting costing 10 cents. But, as I have said, that is wiped out by the difference in the value of exchanges.

Q. (By Mr. CLARKE.) Are ingrain carpets such as are most commonly used in the houses of the people at large in contradistinction from the people of wealth, who are able to indulge in luxuries?—A. They are the fabrics which cover the largest amount of floor space at a minimum cost and with the best results to the user.

Q. Is it your opinion that recently mattings have taken their place because they are cheaper?—A. Very largely so.

Q. Are they considered as desirable by the people who use carpets, and do they wear as long and as well?—A. They do not; but during the hard times that prevailed from 1894 up to 1897 the masses who consume ingrain carpets had very little purchasing power, and as it was the fashion to cover their floor with something, they resorted to what they could most easily reach, and mattings, by reason of their exceedingly low cost, became a prime factor with them and have continued so ever since.

Q. Have you felt any competition from the Hodges fiber carpet and from the wire-grass mattings made in the Northwest?—A. No particular inroad has been made by either of the concerns, but if we have to have an inroad, and the ingrain-carpet industry must go, I am in favor of the Hodges Company and the North-western grass in preference to the product of the yellow man. We will not

admit the yellow man as a personality, but under present laws his product is admitted at a premium of 50 per cent, under the operation of the exchanges.

Q. How many work people in this country are engaged in the production of ingrain carpet?—A. I should say not less than 25,000.

Q. Is it your opinion that their employment at living wages is now actually imperiled by existing conditions?—A. I state that with all the force with which it is possible for me to do so. I will say further that for the last 3 or 4 years the ingrain-carpet workers have not had more than two-thirds employment, so that we have reached a condition in that industry that absolutely calls for relief.

Q. As you see only two possible remedies for it, one of which is to amend the tariff, do you recognize the difficulty of amending the tariff in one respect without opening the whole question of all the schedules?—A. I can only say in reply that my experience tells me that is almost an absolute impossibility. I have been more or less before the Ways and Means Committee in the last 3 tariff bills that were framed, and I know the exceeding difficulty of securing favorable action at a time when the general schedules are being considered, and I know full well the difficulty that must attend endeavoring to secure action upon a single interest, and the danger in making application along that line, of opening the gates to the trouble that naturally ensues under those conditions. I know that full well.

Q. (By Mr. LITCHMAN.) Has there been any attempt to make this grade of straw matting in this country?—A. There has not; no attempt worth consideration.

Q. Is there a reason for it?—A. The principal reason is the fact that the labor employed in China and Japan is so exceedingly cheap that it would be impossible to compete with them.

Q. Can you state the relative cost per yard of the average ingrain carpet and of the straw matting that comes in direct competition with it?—A. I have shown you that the unit of value taken from the Treasury statistics of imports of straw mattings for the year 1900 is \$0.067. The \$0.067 represents the value of ninety-nine one-hundredths of all the mattings imported—that is, \$0.067 per yard, gold cost, as against the natural cost of \$0.137.

Q. You use the technical terms, which are unfamiliar to me, of course.—A. In other words, then, the natural cost in silver, if you please. The selling price in that country in the currency of the country is \$0.137, and the cost in this country measured by gold is \$0.067, and therefore the duty imposed on the \$0.067 price, of 3 cents, only increased the cost to \$0.097 as against its natural cost of \$0.137, so the duty is absolutely not only wiped out, but the cost is less by 4 cents per yard when it reaches this country with the duty imposed. That is the condition that confronts us.

Q. What is the unit of cost of the ingrain carpet that can be compared with it?—A. The principal ingrain fabric that is used, and the one that gives the best results, is the all-wool ingrain carpet, and the highest selling price of that fabric to-day is 47½ cents per square yard.

Q. What is the selling price of the matting imported that comes in direct competition with that?—A. You can simply add a reasonable importer's and retailer's profit to the \$0.067 price and the 3-cent duty, and then you have your answer. In other words, add the profit to the 9.7 cents, which is the total cost with duty added, and then you have your answer.

Q. That might be in the region of 15 cents?—A. It might be 15, or 20 cents at the extreme.

Q. (By Mr. FARQUHAR.) Under the tariff law of 1890 and 1894 it was all free, was it not?—A. Yes.

Q. And under the bill of 1897 you had the specific duty of 3 cents?—A. That is right.

Q. You say that the difference of exchange wiped out all the benefits of that specific duty?—A. I say so most emphatically.

Q. Did it disadvantage you any more than you had been before as far as the amount of importation was concerned?—A. You can readily see the consequences of reducing the natural cost, which was held up by the value of silver at 90 cents to a dollar per ounce, which was its rate prior to the repeal of the Sherman purchasing clause in the fall of 1893. We did not feel this question, nor had mattings come in with a flood before. It was when silver became so low and the gradually increasing purchasing power of gold exchange became manifest in the reduced cost of these goods; then it was they came in like a flood, and they have continued like a flood ever since.

Q. So the total benefits have amounted to the small amount of money that the Treasury receives as an import duty?—A. The Treasury gets the benefits and our industry gets the injury that is it.

Q. (By Mr. LITCHMAN.) How high a duty do you think would be necessary to equalize the conditions again?—A. It would take a duty of 100 per cent to restore the original cost, and then if American labor is to be protected at all we should have not less than 30 per cent in addition. That would be a duty of 130 per cent.

Q. Is that based on the natural cost or the cost in this country—the 100 per cent?—A. It is based on the reduced cost.

Q. On the \$0.067?—A. Upon the \$0.067. It will take, in other words, 100 per cent to restore the cost of \$.0137, and we will have no protection at all until we have a duty in excess of 100 per cent.

Q. That would be equivalent to an addition of about 9 cents per yard?—A. Yes; 9 cents and a fraction.

Q. (By Mr. CLARKE.) If you had a restoration of your American market would you have to increase the price over the present prices in order to make a fair profit and pay a fair wage?—A. We would be justified in increasing the present price in a moderate way, because it is absolutely demanded for the preservation of the industry. I do not hesitate to say to you to-day that unless something is done to bring about a betterment of these conditions the ingrain carpet industry of this country will die a natural death, and will die a natural death because of the action of the party that has brought it into life by protection. I speak as a Republican.

Q. (By Mr. LITCHMAN.) Have you any knowledge of the manufacture of ingrain carpets in other countries?—A. I can only say this, that in other countries ingrain carpet is not universally in use, nor is any carpet universally in use, because the masses do not have their floors covered. In foreign countries it is only from the middle class up that carpets are in use; and the masses of Europe do not enjoy a carpet on their floors.

Q. The difficulty applies to the American market particularly?—A. This is the only market where the fabric is produced to any extent, and of course the difficulty is right here—centered at home.

I hope you will take note of my remedies, which are at variance with the free-silver idea. I have nothing in common with that. I simply bring to you conditions as they exist from a business standpoint, and show that the gold standard does not work beneficially for all the interests of the country. In other words, the gold standard brings in the product from the gold-standard country on a uniform basis, but it brings the products from a depreciated currency or silver country in on a basis of great disadvantage to American producers and American labor, and it will require action by the great Republican party to do away with that inconsistency. A law that prohibits John Chinaman from coming here to interfere with our labor, but permits the product of his labor at home to be brought here at 50 per cent premium to compete with our labor, ought to be amended.

Q. Do you believe in the reverse of the proposition?—A. No; there is no reverse of the proposition. You restore the equilibrium of the exchanges and John Chinaman's interests are promoted, because he can buy double the amount of the product for what he now has to pay for it.

Q. You say you believe it wrong to protect the labor and leave the product free; do you believe in protecting the product and leaving the labor free?—A. I do not think I quite gather the significance of your question.

Q. I mean this: Should there be a tariff on manufactured goods and free and unrestricted immigration?—A. If it is a good thing to restrict immigration, logically it is a good thing to interdict the product of the immigrant that you interdict.

Q. Do you believe in the reverse of that proposition?—A. I believe in protection to American industry.

Q. Applied to both the product and the labor?—A. Most decidedly.

Q. (By Mr. CLARKE.) Now, as a practical matter, as we are expected to make recommendations to Congress, according to the way you put the case, it looks as though we must recommend international bimetalism, if it can be obtained, or an increase in the duty on Chinese matings to 130 per cent. Which of these alternatives do you think is of the speediest and easiest realization?—A. If I might reply in the way this strikes me, I will say that neither one of them comes within the definition of easy. I am fully aware of the difficulty of this situation. I come here to point out a condition and ask if you and your associates in your superior wisdom can devise some plan that will bring about a betterment of these disastrously bad conditions. Now, I have nothing to propose. I say either one of these remedies will fill the bill, but I think they are awfully difficult of accomplishment—both of them—and I have just enough good horse sense to know that it is no easy thing to undertake to legislate on either of these lines. I want to go further and repeat what I said before, that unless something is done for the relief of this industry the handwriting is on the wall and it will perish, and what has

been pointed to with pride by the whole American people as an exemplification of the benefit of protection will be wiped out.

Q. Where are ingrain carpets manufactured in this country?—A. Eighty per cent of the whole product in the State of Pennsylvania, and 95 per cent of this 80 per cent in the city of Philadelphia.

Q. Have the manufacturers conferred in regard to this alarming condition of the trade?—A. I can not say that they have. As a mass they know that they are awfully hurt, but they do not know what has hurt them—a good many of them. I have ideas of what the trouble is and have brought them here to-day.

Q. Do you know whether there is any difference of opinion among manufacturers as to the cause and the remedy?—A. I could not say positively. There may be some who have not delved as deeply into the subject as I have that may differ with me. I do not say there are, but I do not hesitate to say that I am fully persuaded that I am right in my position.

Q. (By Mr. FARQUHAR.) Are the operatives in this industry able to make a living wage when employed?—A. When fully employed; yes. For the last 4 or 5 years they have barely eked out an existence. Their rate of wages is at least 25 per cent above the rate that obtains among our competitors away from this city. New England and New York State, where the industry has a footing, pays at least 25 per cent less than the city of Philadelphia in all departments of labor. I think you will find that borne out by statistics.

Q. (By Mr. CLARKE.) Are not some of the largest ingrain carpet manufacturers in New England cities?—A. There are. The largest producer of ingrain carpet is in your own State—in Lowell, Mass.

Q. Have you compared the expense of living there with the expense in Philadelphia?—A. I presume it is somewhat less there—perhaps almost entirely made up by the difference in the rental. I think the cost of living in other respects would be equally as great there.

Q. (By Mr. FARQUHAR.) At the time the revision was made in 1897 were these difficulties that had beset this trade presented to the Ways and Means Committee?—A. I can answer you very pertinently. I presented these difficulties myself to Chairman Dingley and to his associates, Dalzell and Payne, and they caught the force of our position and agreed to give us a 10 cents duty on matting, which, as I have explained, was overborne in the Senate and that part of the bill remanded to the free list. Afterwards the duty of 8 cents per yard was reinstated and finally passed both Houses, and, as I have said, 99 per cent of the mattings come in at the low rate. If there is any other point that I have not covered with respect to labor, material, or duty on material, or anything else, I am here to give you the benefit of my judgment, good or bad as it may be.

I have nothing to advance in opposition to a question of duty either on the component parts or on our own fabric itself. As a protectionist, I am in favor of protection. I think the farmer's interests should be conserved as well as the manufacturer's and laborer's, and I have no desire to advance any argument that would be opposed to America's interests. I will say incidentally that so far as the wool duty goes, we are paying the highest wool duty that has ever been paid since the Morrill tariff went into effect.

Q. For the benefit of the business, you would propose a modification of the wool tariff?—A. No; I have nothing to propose. I am satisfied to rest on that. I make no request on that line.

Q. So far as you have seen and known, do you think the wool tariff as it stands now serves probably more interests than the two preceding tariffs?—A. I will say that no doubt it satisfied the opinion of those who made the law and those who were instrumental in calling for it on the lines in which it was enacted. I believe that the carpet wool duty could have been safely somewhat lower, but I am not raising any question on that.

Q. You went through the experience of free wool, did you not?—A. I did.

Q. Did you find advantages or disadvantages under a tariff of that kind as a manufacturer?—A. There were both advantages and disadvantages. The advantage of cheap material was a favorable factor; the loss of a market by reason of the want of employment of the working people was a factor the other way.

Q. Provided that there is no remedy for it either in the difference of exchange under international bimetalism or immediate relief through a change in the tariff, is there a possibility of some other class of manufacture as a substitute for ingrain carpets?—A. The only possibility that something of that kind might obtain would be in the substitution of cheap oilcloths. But you can readily understand what the substitution of an oilcloth for a woollen carpet in a climate like this imports for the user in midwinter. I hold that a good ingrain carpet is an absolute necessity to the comfort and the health of the people of the United States,

because they have been educated up to use them; and I think they are a conservator of the health of the people of the country at large. I mean this, that the use of ingrain carpets is a necessity for the masses of the people, and from that standpoint alone the interest is worthy of being conserved.

Q. (By Mr. CLARKE.) Do you think the fashion of hard-wood floors and the use of rugs has had an appreciable influence in diminishing the demand for ingrain carpets?—A. Not appreciably, because the people whose houses have hard-wood floors as a rule are not the people who use ingrain carpets; they use something higher. If the use of the rug displaces any carpet it is not the ingrain. There is not any question that the added use of rugs is having an effect in displacing higher grade carpets, but it is so slight that it is really hardly worthy of attention. The treasurer's statistics on that point will be an addition to my reply. They show that the increased volume of imports on carpets is very moderate, and that includes the oriental rugs, which are perhaps the largest part of all the carpet importations. The increase has only been a moderate one, the totals perhaps under \$1,750,000 in 1899 and about \$2,500,000 in 1900. You see our situation has gone to the other extreme—to 40,000,000 yards of matting from 8,000,000 yards, while the decline in the use of ingrain carpets has been from 50,000,000 to 33,000,000 yards per annum, in a period of 7 years. It is more than a coincidence, in my judgment. It is the result following the cause.

Q. Do you know of any further statement you would like to make?—A. No.
(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF HON. ROBERT H. FOERDERER,

Leather manufacturer, Philadelphia, Pa.

The special subcommission met at the rooms of the Manufacturers' Club at 10.05 a. m., Mr. Clarke presiding. At 3.15 p. m. Hon. Robert H. Foerderer appeared as a witness, and, being duly sworn, testified as follows:

A. (By Mr. CLARKE.) Please give your name and post-office address.—A. Robert H. Foerderer, Philadelphia, Pa.

Q. Are you a member-elect of the Fifty-seventh Congress?—A. I am.

Q. In what business are you engaged?—A. I am in the leather-manufacturing business.

Q. How long have you been engaged in it in Philadelphia?—A. I have been in the business since 1885; I have been engaged in the business since 1877.

Q. What is the name of your business concern?—A. Robert H. Foerderer.

Q. Do you produce a variety of leathers or confine yourself to a specialty?—A. I confine myself to a specialty of what are known as glazed kids in the market to-day.

Q. Please tell us about the discovery of the process and the successful establishment of the manufacture of vici kid.—A. The leather industry is rather an old industry, and up until 15 years ago made no changes or made no progress—really went on in one old method. At that time there was produced in France a leather which was imported into this country, known as French kid, and was in competition with our goods, and was having the preference for good material and good leather. We leather manufacturers here at that time kept on producing an old tannage of stock, tanned by a vegetable tannage, which was used and known as sumac—sumac was produced in this country as well as received from abroad, principally Italy. The progress therefore was not very good. They went on in one old way, and leather was produced so that no manufacturer could make any money. I conceived the idea in 1878 that in order to make a success of the leather business we must produce something different from what was going on at that time. I began to experiment on the methods that were used in Europe, which were known to me and given to me by my father, who was an old leather manufacturer, and tried to improve on that in order to get the benefit of the imported article which was coming here, and which was then known as the best leather. After a series of experiments, and I must say from 1878 to 1898 I did not produce anything, and did not have very much of a success; but finally after constant hard work I managed to produce something that is to-day followed, and, as I think, only in its infancy. By using chemicals made of bichromate of potash and soda we produced what we call to-day a mineral leather. That, as soon as it was perfected, in 1899, immediately took the place of the imported article, and to-day I can say that there are no goods imported of any consequence, and we are shipping

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goods to the other countries, taking the place of those which before were known as the best goods. There was no special course to follow, only our common sense and judgment, and trying to produce an article which would take the place of foreign goods. After these goods were so far produced that the shoe manufacturers liked them, they gave them the preference, and, as I say, the result is that we are importing no goods and shipping goods to Paris instead of having them come here.

Q. What varieties of goods do you produce?—A. We are producing glazed kid. There are no varieties—only the one article.

Q. Do you manufacture that in different colors?—A. Colors are simply a fad, and we produce them as wanted; don't make any specialty for it; does not hold on for any time. We can make them in any color.

Q. What skins do you use?—A. Goatskins.

Q. Where do you get them?—A. From all parts of the world.

Q. From what market do you buy?—A. Well, we buy in all markets. I should say India is the largest producing country of goatskins, next to which is Arabia. We receive skins from China, South America, and, in fact, all parts of the world except the United States. The skins produced here are very few and do not amount to anything.

Q. (By Mr. KENNEDY.) Do you get any from Ireland?—A. Yes.

Q. (By Mr. CLARKE.) You do your own importing?—A. We do.

Q. In what respect do your kid leathers differ from the French kids?—A. It differs in the way of quality. It is natural for us to say that. It is tanned differently. The leather as tanned by our present methods is preserved; it preserves the leather. The French kids were not tanned; they were simply tawed, or partly tanned, and if subjected to water, or exposed to the elements, principally water, they would become hard and tinny, where this leather as produced in this country to-day does not become that way; it stands all those tests, and is in that way superior to the French kids.

Q. Are your processes patented?—A. There is a patent on a process similar to ours, but my process is not patented.

Q. How many other manufacturers in this country are engaged in the production of substantially the same class of goods?—A. Well, I should say all manufacturers to-day are producing the same class of goods.

Q. Where are they located mostly?—A. They are mostly in Philadelphia and Wilmington. There are some in Massachusetts, but mostly in Philadelphia and Wilmington.

Q. Has the importation of French kids been practically superseded?—A. They have been practically superseded; yes.

Q. Has your process been introduced in France or any other foreign country?—A. They are introducing them there to-day. There are, I should say, three factories producing the same goods in Germany. There are three or four experimenting in France on the same process.

Q. Do you regard that as a recognition of the triumph of your method—superiority of them over others?—A. I do.

Q. How about prices to the consumers of your product compared with the French product previously imported?—A. Our prices compared with them are fully one-half; that is, one-half the price. French kids sold by the square foot for from 60 to 70 cents per foot. Our price on the average to-day is 20 to 25 cents per square foot.

Q. Since the development of your product, has it come into quite general use for men's wear as well as for women's?—A. Well, the last 3 years is bringing it into general use as far as men's wear is concerned. Prior to that it was only used for children's and women's shoes.

Q. Is the condition of your industry prosperous?—A. I should say to-day it is not, for the reason that raw materials are so high that we can not legitimately sell leather at the prices we are selling at, and the last 9 months the leather business has not been a profitable one.

Q. You say the leather business. Does that remark apply to other kinds of leather?—A. No; I particularly applied it to my own business—the glazed-kid business.

Q. Are you willing to state how much capital you have embarked in your business, how large the plant is, and how many people you employ?—A. I have no hesitancy in saying that I have invested in my business about \$8,000,000; I employ about 2,500 hands. They say that I have the largest business of its kind in the world. I am now manufacturing about 3,000 dozens of skins per day.

Q. Is the tanning and finishing process a long one? Does it take a good deal of time?—A. We consider it not very long. It takes about 8 months from the time we put the skins in the works until they are ready to sell.

Q. Does it involve a good deal of hand labor?—A. Yes.

Q. Is there a variety of machinery employed in the production?—A. There is more or less machinery employed, and that only in the last 15 years. Prior to that we had little or no machinery. It was all hand labor.

Q. Have other leather industries undergone a similar change?—A. Yes. In leather works, whether making glazed kid or heavy leather, the machinery is the same, only that it is larger and built more solid in the latter.

Q. In your process do you use any hemlock or oak or sumac in tanning?—A. No.

Q. Is this process of yours applicable to the tanning of other skins except goat-skins?—A. It is applicable to the tanning of all kinds of leathers. I should except from that sole leather; but for belting leathers, harness leather, or any other kind of leather except sole leather it is applicable.

Q. Is the use broadening and extending constantly?—A. It is extending constantly and continuously. I should say right there that I believe next year there will be more users of that process than there are to-day, and the reason is that there is a patent on this process expiring on the 1st of January. A good many manufacturers, I believe, claim they do not use this process, but I doubt that very much. I think to-day they are all using it.

Q. Do you also manufacture a dressing for this leather, for popular use?—A. The manufacture of dressing is simply what I would term a side issue, a side line. It is not of any consequence.

Q. (By Mr. LITCHMAN.) Is this process you use a secret process?—A. It is a secret process, and it is not; other men are using it.

Q. Any manufacturer can use it who pays for it?—A. No; I do not think it is in that way. It is a process which requires a good deal of thought. The production of leather is not producing a piece of cloth or iron or anything of that sort, every skin requiring a different treatment, requiring different times in going through the different processes.

Q. According to the quality of the skin or thickness?—A. No; according to the nature of the skin. Skin is not a product, it is not manufactured; it is a natural product, and a difference exists in skins as in men. One skin requires one kind of treatment and another another kind of treatment, and therefore skins coming from India would require different treatment from those coming from South America. That is, the difference in the skins brings out the different methods. Therefore in the process you may require a certain quantity of material for one kind where you would require more for another.

Q. The point of my question was whether there was equal facility for all manufacturers to use the process if they desire to do so?—A. Yes; the facilities are equal.

Q. Is this glazed kid that you speak of what is known in the market as vici kid?—A. Vici kid is my own trade-mark. It is a word that I adopted on accomplishing this leather.

Q. On conquering the process?—A. Yes.

Q. Does this take the place of that leather we used to use called glove kid?—A. I should say it does not and it does. It takes the place by being put in place of it. There is a difference between glove leather and glove kid. Glove leather was tanned with alum, and, as stated before, that which was being tanned in alum was not tanned, it was only tawed, would not stand the elements, particularly the water. They would harden or lose color, or crack and break, which this leather does not do.

Q. The leather that we used to use, glove kid, that we used for children's and misses' shoes—is that kind of leather used to as large extent as formerly?—A. No; that is entirely extinct.

Q. Is Cordovan much in use now?—A. Cordovan is used more or less, but there are only one or two factories. I know very little about Cordovan leather.

Q. Are you financially interested in the factories you mentioned in Germany and France?—A. No; not at this time.

Q. They are not using your exact process of curing, are they?—A. Yes; they are using our exact process, as near as I can find out. The fact that these people can use it is evidence that it is not a secret process. Men working in my factory will go to this factory or the other factory and carry with them the process; so therefore it can not be kept a secret.

Q. Does the process of tanning give a waterproof feature to the goods?—A. This mineral tanning gives a waterproof feature to it. The leather tanned by this process has this difference in it: Formerly, in the old tanning, we would tan the skins after they were dried out, and then rewet, and put through their regular finishing process. To-day we tan the skins and color them, or in other words

blacken them, and then, after they are blackened, finish them. That is done for the reason that after the skins are once dried we never can bring them back to their original state, so as to handle them as we did before. That is the secret in the making of that leather. Should there be a mistake at that point your leather is entirely spoiled or depreciated, so that you can not get any results from it. That is the danger part of the leather business.

Q. (By Mr. KENNEDY.) Did you invent this process?—A. I would not consider that I invented it. I am not an inventor. I simply kept on working until I found a way out.

Q. You discovered the process then, or was it discovered for your establishment?—A. No; I contend I was the first one to complete this process. All the materials used in it have been used in the leather business for years. There is nothing that you might say is novel or new; simply applying the two things together. In the old tanning of leather chrome alum was used. I took bichromate of potash and muriatic acid, which was practically the basis of chrome alum, and separated the two, and thereby produced this leather. That was the basis to start with, and in order to fix that I had to study out some method of fixing it in the skin so it could not be washed out or would not harden the leather.

Q. You say the process was afterwards patented?—A. The process was patented in 1884. That is, a certain Mr. Schultz claimed to have a patent on a process similar to the one I was using, and that is the patent that expires on the first of the year. That was bought up by several of the manufacturers, and under that patent most of the manufacturers to-day are working.

Q. Was the patent on the process of such a character that it interfered with your use of it after he had patented it?—A. I guess he could have interfered, like all troubles of that kind can be brought about. A man can claim you are doing so when that is not a fact, and I deemed it advisable and good business to say nothing about it, but get in on the ground floor the best I could.

Q. Did you have to purchase the right?—A. I had to purchase the right.

Q. After being the inventor?—A. After practically being the inventor.

Q. You said the business was not profitable because of the price of raw materials. What is the cause of raw materials being high?—A. Well, I have been trying to ferret that thing out myself, and I can see no other reason for it but speculation on the part of the gatherers of skins, they in turn having a good demand. I attribute most of these things to the extreme demand which exists to-day. There is more or less demand for leathers, owing to the selling of them in foreign countries. We have an output to-day which five years ago we did not have. In other words, I sell one-half of my product in the foreign countries, and with that outlet it naturally makes the manufacturers here somewhat short of goods. They are therefore demanding a few more than are produced, and at the same time we can not get up our prices to such a point as to compensate us for doing the business.

Q. Does the demand for good skins make the raising of goats a profitable industry?—A. Goats in these foreign countries are used the same as a cow is here. They use them for milking, and they use the meat to feed on, and simply sell the skin as a by-product.

Q. The demand for goatskins has not encouraged the raising of goats in this country, has it?—A. I have started a little ranch in New Mexico to demonstrate whether it would be profitable or not. I think Mexico is the only place where they raise them in herds, and where they have it so far developed to-day as to be a profitable industry. They are able to sell the meat at a price, and get a fair price for the skins.

Q. (By Mr. LITCHMAN.) Is this process of yours applicable to sheepskins?—A. Yes; it has been used in sheepskins.

Q. Largely?—A. Well, I should say largely.

Q. Does it make the same relative superiority of product as with the goatskin?—A. It would; yes.

Q. Sheepskins formerly were not, of course, as valuable or desirable as goatskins?—A. That is one of the results of the high price of raw material. The demand for sheepskins last year was far in excess of anything that had ever been before. They were substituted for goatskins, and in a good many cases sold as goatskins. Owing to this process of tanning, it produced leather which was far superior to that produced by the old methods of tanning, and therefore filled a want.

Q. That is, sheepskin by this modern process was in many respects superior to goatskin of the old process?—A. To the old process, exactly; yes.

Q. Did the demand fall direct upon the domestic market for the supply of sheepskins?—A. Well, the domestic supply of sheepskins was used largely in that

process. For instance, I would quote Swift & Co.; they use lots of sheepskins, and tan lots of sheepskins. That is entirely out of my line; but I can say for foreign skins they were very largely used as a substitute for goatskins.

Q. Have you any objection to stating the number of your annual output?—A. About 8,000,000.

Q. And you say one-half of that is export?—A. Yes.

Q. What is the prevailing rate of wages in your factory?—A. I should say the average rate of wages is about \$10 a week.

Q. And how many weeks in the year?—A. They work 53 weeks in the year.

Q. That is a pretty good industry then?—A. Yes. One thing, we can't stop when we want to. It takes us about three months to get out our work, and by the time we get to the end if we wanted to let up we could not, and it would not be good business to do so.

Q. Have you seasons in the year corresponding to the seasons in the shoe trade?—A. I should say yes. There appear to be two seasons in the year, but, generally speaking, we go along about one way.

Q. Are the seasons abroad and at home coincident?—A. No. When we are quiet here they are busy there.

Q. (By Mr. CLARKE.) When this method of tanning is applied to calfskins does it give them gloss like the glazed kid?—A. The glaze is done by finishing; it is not done by tanning. It is done by one of the methods of finishing your leather. The finishing is done by a friction or by a polishing.

Q. Is that polish put on by machinery?—A. Altogether by machinery; friction especially.

Q. Are calfskins finished in that way at all?—A. They are; but it is not very good business to do so. The friction that is put on calfskin is likely to make it tender. The grain of calfskin being so fine, being an animal that is not quite matured, the friction is too severe, and will make the skin more or less tender.

Q. Is this process used in the leather that is made into patent leathers?—A. We are to-day experimenting on that process. I believe it will be a very successful process, and take the place of imported patent leathers.

Q. And if successful it will avoid to a large extent cracking of patent leather?—A. That is a thing you can not avoid.

Q. That is owing to the enamel?—A. The enamel put on the face of the skin. At the same time I think we can produce an enamel leather or patent leather with less lacquer or less japan which will in itself prevent the cracking which occurs in leathers prepared by the old method.

Q. It will minimize it?—A. It will minimize it.

Q. Do you think of any changes in laws that would benefit the leather industry, especially your branch of it?—A. No; I do not know of anything. I think to-day we can produce leather equal to anyone on the face of the earth. I think we can work as cheap as any one. What I mean by that is, while we pay more wages than foreign countries, we produce more leather.

Q. (By Mr. LITCHMAN.) Is that due to the employment of machinery, or to the higher skilled labor itself?—A. I should say the skill in the leather business is very poor. There is no skill, and that is the cause of the business being as backward as it has been, as I said, up until 1885 or 1890. Prior to that we went along in one rut, really worked by the rule of thumb; there was no method, no systems, and they simply went on day in and day out. They used no thermometers; they used nothing. They would simply test their waters or liquors by applying the hands to see if they were of the right temperature. Those things I think we are improving on to-day, and that is the reason I think that we can compete with foreign countries. I believe, however, that they are just as wise as we are, and this foreign business we have to-day we can not expect to keep; that the manufacturers in foreign countries will do equally as well as we, and will produce their leathers, we will find, at as cheap a rate as we do here, or at the same rates.

Q. Your relations with your help are harmonious?—A. I know of no troubles I have ever had with my help. I want to say this: There are always more or less troubles in factories that are conducted on business principles. Some men object to rules, like coming in promptly on time, or rules that we must adopt and hold up to strictly; but with good sensible men we have never had any trouble.

Q. What number of hours per day do you work?—A. We work 59 hours per week.

Q. Have you in your employ help that have been with you for a long number of years, or is your help shifting?—A. I should say most all my help, the old help, has always been with me. I have not changed any hands as far as I am concerned. My superintendent to-day has been with me since I started. He was

with my father 7 or 8 years prior to that. The rule that I established in my factory was this: that men that are worthy of advancement are advanced. It is entirely on their own merits and their own ambitions to advance. I am always anxious and looking for good men, and they have as good opportunities as they ever have had; in fact, better opportunities, I should say.

Q. (By Mr. KENNEDY.) Has there been any combination among the manufacturers of your products?—A. There has been no combinations.

Q. Have there been any attempts?—A. Yes; they have attempted to form combinations the last 3 or 4 years.

Q. Why have they failed?—A. I don't know. I guess they could not get all the manufacturers together.

Q. Were you invited into the combination?—A. Was.

Q. Did you decline to go in?—A. Yes.

Q. You think you can conduct your business as economically singly as though it were in a great combination of all the leather manufacturers?—A. I think I can. I think my business has gotten to such an extent that a combination of all the manufacturers together would not exceed my output.

Q. For that reason you are not concerned whether they combine or not?—A. No.

Q. There is a leather combination in the country, is there not?—A. There is the United States Leather Trust. That is the heavy-leather business, what we term sole-leather business; and then there is a combination on the calfskin business.

Q. (By Mr. LITCHMAN.) The calfskin business is more in accord with the sole-leather business than your business is?—A. Yes.

Q. They use substantially the same skin, only different material?—A. Different material; yes.

Q. (By Mr. CLARKE.) Is there considerable other leather manufacturing in Philadelphia besides your own?—A. Yes; we have quite a number of manufacturers here. To-day we have 2 very large manufacturers who have recently put up some expensive plants. While these plants have not quite started to work, at the same time they are preparing to go to work, I suppose.

Q. What kind of leather do they produce?—A. They are producing the same kind of leather as I am.

Q. Are all other kinds of leather produced here?—A. No; the only leather produced here is similar to mine—glazed-kid leather. There appear to be certain localities in which these leather industries, specialties, have located. I should say, going back to glove leather, that glove leather is produced principally in Gloversville. At the same time I am producing a little glove leather at my factory to-day, and I believe we can bring that to Philadelphia later on.

Q. (By Mr. LITCHMAN.) Is there any patent leather made here?—A. We are making some; it is enameled leather. They are making very little patent leather here. Patent leather is made principally in Newark.

Q. Some little in Wilmington?—A. Very little in Wilmington. Pyle makes some; yes.

Q. (By Mr. CLARKE.) Do you consider Philadelphia a superior point for the leather manufacture?—A. I think it is superior—not in every way superior to anywhere else—simply because we have good water facilities. The peculiarity of the water that we have here seems to work in very well. At the same time Wilmington has good facilities; Massachusetts has good facilities; but I believe there is a difference in the leather produced there from the leather produced in Philadelphia, owing to the fact that the water is somewhat different. When the manufacturers in the East are asked to take a certain kind of skin, they can not produce a similar leather to what is produced here. I can only say this by hearsay. Whether it is due to that fact or not, they do not produce the same kind of leather out of the same kind of skin. For instance, if we take an East India skin we can get good leather; if a Massachusetts man takes an East India skin his leather would come, maybe, too tinny. If they take a South American skin, which is naturally soft, their leather will turn out even, while we can do the same thing here. I think that is due more or less to the action of the water.

Q. (By Mr. LITCHMAN.) Some chemical action of the water?—A. Possibly some chemical action.

Q. (By Mr. CLARKE.) You do not claim that there is any particular difference, then, in the class of help you have here as compared with theirs?—A. The help shifts around from one to another, where there is any shifting done.

Q. Are most of your employees American born?—A. No; I should say. You can not get American citizens to work in the leather factories, I am sorry to say. They seem to think the leather business is not a very clean business. They are rather afraid, or they dislike the business on account of being compelled to use

lime and different materials of that sort, which go through the different processes, and which are not very clean.

Q. Is the work healthful?—A. I should consider it very healthful.

Q. No sickness or physical disability of any kind resulting from it that you know of?—A. The physical disabilities are more or less rheumatism; they may contract rheumatism, but not contagious diseases. I think that the materials that they use rather prevent contagious disease getting about.

Q. In that respect is your method any improvement over the old methods of tanning?—A. Yes; the tanning part has not anything to do with the other part. The lime particularly is the obnoxious thing in the leather business. When a goatskin is once placed in water, it does not take a great while for it to putrify or decompose, and therefore it must be placed into lime, which preserves it. After it comes from that the skin is turned into pure gelatin. We then must tan the skin, for if it is left aside for 24 hours it is apt to spoil entirely. There is where the difference comes in as to the study of the leather business. We can not get intelligent American citizens to take hold of it and study that business out.

Q. (By Mr. LITCHMAN.) When is the process of removing the hair from the skin applied?—A. That is prior to the tanning process; you must remove the hair first, before your skin is tanned.

Q. (By Mr. CLARKE.) Is that done by a chemical or electric process?—A. That is done by placing the skins in lime so as to open up the pores of the skin, and that will leave the hairs slip out; it is taken out either by machine or by hand; taken out over the half-moon table or board; scraped out.

Q. Have you ever tried the electrical process?—A. I have had a few skins tried that way, but the difficulty about that seems to be this, while they claim to use lime for the purpose of removing the hair, at the same time it swells the skin, and the inner surface becomes of such a density that when applied to the subsequent operations and finally to the tanning, that fibrous matter is not close together as in the old toying process. That was the method of the toying process, which simply held the glutinous matter in a gelatinous condition, which, when put into the water, would wash out and bring the skin to its original state. It is the going through that process after being limed and bathed, etc., which makes the skin entirely different and loosens the fibers so that they are soft and pliable and at the same time thoroughly fixed in the skin and can not be removed.

(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. JOHN G. CROXTON,

President of the Shoe Manufacturers' Association of Philadelphia.

The special subcommission met at the Manufacturers' Club, pursuant to recess, at 7.45 p. m., Mr. Clarke presiding. At that time Mr. John G. Croxton, of Philadelphia, was introduced as a witness and, being duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. John G. Croxton, 255 North Fourth Street, Philadelphia.

Q. In what business are you engaged?—A. Shoe manufacturing.

Q. Are you a member of the Shoe Manufacturers' Association?—A. I am a member and have been since its organization; have been president of it 14 years, and 2 years before that, secretary.

Q. Are you president now?—A. I am president at present, yes.

Q. Of how many members does the association consist?—A. I think we have 18 members at present.

Q. Does that embrace all the shoe manufacturing concerns in the city?—A. Not all. There are perhaps 4 or 5, I should say, small concerns that are not included in our membership.

Q. Has the association a working agreement with the employees that has been in force some years?—A. We have. I do not know whether you care to make a matter of record of it; but to give you an idea so you can ask questions, I could give you a brief history of the organization and our workings in the way of arbitration.

Q. That is exactly what we would like to hear.—A. I think it was in January, 1885, the first board of arbitration was formed. Before that time we had been working—the shoe manufacturers and the Knights of Labor. The Knights of Labor controlled the shoe industry here, and they had what they called a board of

arbitration; not a joint board, but a board of arbitration which was made up entirely of their own people. We were unable to get along with them, not on account of wage bills, but on account of their interference in the working of the business, of the employment of our people, and of helpers, working hours, and many things. It became so that it was impossible to get along as we were working. So we demanded a joint board of arbitration, a board of arbitration composed of manufacturers and shoe workers. They refused. We could go no further and the factories shut down—what you might call a lockout, which we expected to last for some time. The peace society here took the question up in a very few days and tried to have the two parties get together, the Knights of Labor and the Shoe Manufacturers' Association. Up to that time there had been no question of labor taken up by the Shoe Manufacturers' Association. The association was formed for the purpose of fighting, as you may say, royalty machines that we claimed had expired. But then the question of labor was taken up, and the peace society brought the two sides together, and there was a committee appointed of 7 from the Knights of Labor, District Assembly No. 70, of which Mr. Goodwin—I would not say positively at that time, but afterwards, during our business negotiations, was the master workman, and 7 from the Shoe Manufacturers' Association; and Mr. J. M. Washburn, a very able man, as presiding officer. We held a meeting and formed the rules under which practically we are working to-day with the Knights of Labor. The rules were suggested by the 7 members of the manufacturers' association on the committee, and the 7 members of the Knights of Labor, and were put in shape by myself as secretary. The comments on the rules, which we consider as strong and as valuable as the rules themselves, were written by Mr. Washburn, the peace commissioner, and the president of the joint board that met.

When those rules went into operation—and our secretary here has the copy of the old original rules—they were in effect for nearly 3 years. Mr. Goodwin in his testimony last night stated it was the beginning of the year and lasted a few months. It was nearly 3 years that we worked with the Knights of Labor. In our arrangement with the Knights of Labor at that time we had, on our side, the Shoe Manufacturers' Association; on the shoe workers' side an enforced organization of the Knights of Labor—enforced for this reason: That we bound ourselves to employ none but a Knight of Labor to work in our factories; anyone who applied to us for work must show that he was a member of the order of Knights of Labor or he could receive no employment; therefore as all organizations of that kind must have the power, they must be in a sense forced organizations. We worked, as I say, with them for nearly 3 years fairly satisfactorily. But the class of people who were in control here found that under the system of joint arbitration and rules under which we worked there was little labor for the agitator or for the committeeman, who received 50 cents an hour for his labor, and they became restive at the end of about two years and protests were taken to break our arrangement. They did not succeed until the fall of 1887—I think it was 1887—and then one of the smallest factories in the association, Taylor & Carr, manufacturers of men's work, was struck contrary to our rules. The base of our whole system has been that there shall be no lockout or strikes. They struck. We used every effort to have those men come back to work. The factories were not closed down, and every effort was made to have the Knights of Labor control their people and require them, as we claimed they could, to fulfill their contract and to go back to work and submit any grievance they might have to arbitration. They refused to do that. We gave them a certain time, several days, to accomplish this and to give us their report. Before the time that that report was made they struck all the shops—we call them shops—all the factories in the shoe manufacturers' organization. Mr. Goodwin at that time was the master workman. Mr. Goodwin was the leading spirit, and without Mr. Goodwin the shops would not have been struck—they would not have been struck without Mr. Goodwin. We knew what was transpiring, and within an hour and a half from the time that the order of strike went out, Mr. Goodwin called on our secretary and stated that he was very sorry that he could not control his men and that they had forced the strike contrary to the rules. Still at the same time Mr. Goodwin was the man that carried the thing through, the man whose insistence caused it, because the shoe workers generally were opposed to it.

When that strike was made the factories shut down again. The Shoe Manufacturers' Association then took the position that they would not treat longer with the Knights of Labor, because the Knights of Labor would not carry out their side of the contract; they would not enforce their part of the contract, or could not. After some bickering with them quite a time one man, who at that time was a shoe worker here, Mr. Harry J. Skeffington, came in and stated that

it was an unfortunate affair, and that Mr. Powderly would like to meet the executive committee of our Shoe Manufacturers' Association and see if there could not be some arrangement made to continue the arrangements that we had had. We consented to the meeting and met at the factory of Mr. John Mundell, and Mr. Powderly was present. We have always been careful, in the early years of our organization and at present, to do all our business in writing, that there should be no misunderstanding, that every communication from either side must be in writing. We had a record of the whole case. Mr. Powderly came and stated that we had sent for him, and he had come in answer to our request, and wanted to know what we wanted of him. We said to Mr. Powderly that he was mistaken, that we had not sent for Mr. Powderly, but that Mr. Skeffington said that he had had permission to call upon us for him. It made Mr. Powderly quite indignant that he had been imposed upon, and that he had not a clear understanding. We explained everything to Mr. Powderly; showed him all the records and papers. Mr. Powderly made the statement, "My people have made a great many mistakes; I see it—you have the record right here in writing, everything that has been done—and they are liable to make more. Is there no way that this thing can be fixed up, that we can correct this and go on as we have?" We told Mr. Powderly that we had made a great effort and had worked on this thing for nearly 3 years, and that we had fully resolved that we would not longer recognize the Knights of Labor and agree that we would employ none but Knights of Labor; that from that time on, while we believed in arbitration and should insist on arbitration, we should have an organization, not made up of all trades, of bricklayers and carpenters and everything of that kind, but that we would have an organization made up of our own people, of people who knew the conditions; and we made that statement to our work people. They got together and formed what they called—a very queer name—the Central Convention of Shoe Workers. They appointed their officers; they appointed an executive committee and members of a joint board of arbitration. Through the executive committee of the Central Convention of Shoe Workers and the Shoe Manufacturers' Association the rules that we had been working under were taken up, and they were changed to conform to the workings of the Central Convention of Shoe Workers in place of the Knights of Labor. We have worked under those rules from that time up to the present day. The dues and assessments under the Knights of Labor naturally, being a national organization and having paid officials, were something of a burden, especially to the class of work people who make small wages, and we have them of all grades in our factories. The Central Convention of Shoe Workers have worked without pay for themselves. The secretary may receive a slight salary; they have hall rent; and the dues are a cent a month for each workman. That is the total expense to our work people now for supporting their organization. They organize each factory under the rules with proper officers, appoint their delegates to the Central Convention; the Central Convention appoints members of the joint board of arbitration, and we work in that line; and the dues are usually collected once in 5 months, 5 cents apiece.

Q. (By Mr. FARQUHAR.) You use the word "appoint." Do not they elect? Who can appoint?—A. The Central Convention appoints or elects, you might say, the delegates from each factory according to the number of work people in each factory. The basis of representation is this: So many delegates are given to each factory, according to its size. The Central Convention elects their members to serve upon the joint board of arbitration. So far as influences are concerned in the organizations in the factories, I can only speak positively of our own factory. I do not speak from hearsay, as some do. In our own factory I have never known who the delegates who represented our factory in the Central Convention were until after they were elected—never in a single instance. I do not know anything except about my own factory. I know about our own factory that they have full and complete control. There never is a member of the firm present that has any influence in the selection of representatives to the Central Convention. The Central Convention then elects its members of the joint board of arbitration. That thing, as I say, has gone on from November, 1887, to the present time. I do not know of any system of laws or any system of associations that has been entirely satisfactory. I do not know to-day a man in the United States that is perfectly satisfied with the laws which govern and control him, but I do say that I think it has been more universally satisfactory than any class of laws of any organization that I have known of. You have probably read the rules and their comments. Every question has been guarded. Inalienable rights that we claim for the work people and for ourselves have been established. Certain rights the work people are entitled to without arbitration. You can not force any man to work for you without he wants to. You can not force any man to employ a man with-

out he wants him. If he does not want a redheaded man in his place, if that is his objection, he has a right, a perfect right not to employ him, the same as the employee has if he does not want to work for a man that chews tobacco. The right of the employee to work for whom he pleases we claim can not be controlled, that it is his inalienable right. It is the right of the employer to select the kind of people that he prefers. That is our first rule. Without that rule, probably, the arbitration board would not have been formed. That was the beginning, the bottom, and the top. Now, as I say, for 13 years and over, we have been working under these rules to the general satisfaction, because the work people have had full time; they have had no lost time for strikes or lockouts; they have had no burdens of assessments or dues to pay, and the feeling between the work people and the employers has been particularly harmonious. The first Saturday of every August in every year the factories give notice that the factories will be closed, and they have an excursion to Atlantic City. About 2,500 out of the 2,000 that Mr. Goodwin says there are in the whole city attend those excursions. The factories do everything they can to assist them. Most of the factories buy tickets for their people who will go. The factory buys the tickets for the work people, and gives them a holiday, and usually as many of the manufacturers as can do so go and enjoy the holiday with them once a year. I speak of that to show the kind of feeling there has been between the shoe manufacturers and their work people under this harmonious line of action of straightforward justice, honesty, and uprightness between man and man. We claim, and it has been the base of our theory, that one man is as good as another man. Many of our shoe manufacturers here were shoemakers at the beginning. They are probably a little better informed, but they are the same men they were when they were shoemakers. We claim a man should be a man, and stand for his rights right straight through, but when there is a disagreement there should be a proper board to adjust the disagreement honestly, fairly, and squarely.

[Producing paper.] This is the kind of a notice that was sent out at the last meeting. (Reading:)

"To the members of the Shoe Manufacturers' Association of Philadelphia. At the regular monthly meeting of the association held May 31, 1900, the following resolution was unanimously adopted: 'Resolved, That the Shoe Manufacturers' Association recommend to its members to close their factories and aid the Central Convention of Shoe Workers' excursion on Saturday, August 4, to Atlantic City. The duly authorized committee in charge is as follows: R. W. Baker, chairman; A. F. Templeton; W. P. Conners, secretary; A. R. Layman; T. A. Rutter, treasurer; W. Loan, A. P. Super, O. Maute. By order of the Shoe Manufacturers' Association of Philadelphia, Howard L. Townsend, secretary. Philadelphia, July 6, 1900.'"

There is the notice. That was our last excursion. Our object has been to work harmoniously and to avoid the expense or cost to both manufacturers and workmen of strikes.

Now, I do not want you to understand that in all this time we have had no troubles. We have had troubles. I do not believe that any government ever got along without troubles, however small, or any association. We have had troubles with our shoe manufacturers, and we have had troubles with our work people, and the Central Convention of Shoe Workers had trouble with theirs; but they have all been settled without a stoppage in any factory. We have in our association a cutters' union here. It has been in existence, I presume, since the beginning of our organization. We have no objection to it. It has not interfered. They are the most intelligent class of our workmen, and there is no trouble with those people at all. We have had those people and they have had their organization. It is beneficial, and they look to the interests of their own people, and they have worked in entire harmony with the Central Convention of Shoe Workers. The only trouble has been that we got too many cutters as delegates, and it has been a difficulty that we felt; and we have always recommended to them—while we recommend, we have no further influence—that every branch should be as fully represented as possible in the Central Convention, as well as in the joint board of arbitration; so that when cases come up we will have people there who know what the kind of work is and what it is worth. I speak of this to show that we are not opposed to other organizations.

The lasters have in two or three cases given us some trouble, usually—until this fall—in individual factories; and strange as it may appear, the greatest trouble we have had has been in the factories that pay the highest wages and are the most liberal to their people. That has been the fact, as they know. We have had those troubles and they have never been supported by any other branch. The other branches have worked straight through, and have assisted in every way to get people to take their places, and to keep the work going. While it has

cost money to the manufacturers and has cost loss of wages to the work people who would have had full time if the lasters were not out, they have always gone on, and since November, 1887, we have had no break in any shop—that is, shut down from work.

Now, it was brought before you last night (*supra*) that the shoe manufacturers would not arbitrate with the Lasters' Protective Union. The shoe manufacturers can not arbitrate with any single branch. The manufacture of shoes is done by what we call a string team. We have perhaps 25 different people that will work on 1 pair of shoes. Each person will do 1 part. Those parts are grouped, the cutters and trimming cutters in 1 branch, the fitters in another branch, what we call the stock room, the sole-leather room in another branch, then come the lasters, then come the machine men and the finishers; and some factories divide even more than that. Now, if we should have arbitration with each separate branch any one branch will knock your place out of business.

Q. (By Mr. LITCHMAN.) Is the manner of making shoes in Philadelphia the same as the general system in Massachusetts?—A. I presume so, yes; just the same, yes. There are no 2 factories in this city exactly alike, but the general system is the same all over the country in the better factories—that is, the larger factories that use improved machinery, etc.

Now, the reason that our rules are made and the reason that we must deal with one organization, as we did first with the Knights of Labor, with whom we made these rules, and now with the Central Convention of Shoe Workers, is that we must deal with our people as a whole. We can not deal with them, so far as strikes and arbitration are concerned, as a branch separately. Yet, as you will see by our rules, the bill of wages is made with each branch as a branch. If you look at rule 12, and its comment, it will tell you that the bills of wages taken up must be adjusted with each full branch separately. When that branch is settled we go to the next, because stoppage in any 1 branch for any length of time stops the whole factory. Therefore, if we should stop to arbitrate with the lasters to-day, and fix that up by next week, and the cutters' union the next week, and the fitters the next week, and so on, we never would have continuous work; we could not work at all. We must work with the appointed body; the factory must work as a whole or it stops. When we had this strike of the lasters, you may say, why did not they stop? They did not stop because we always have a certain amount of work left and a certain amount of lasters. The lasters did not all go out of any factory; and then by the people that we can get in, we cut down the production; and we ran short for a time until we filled up and were able to get people to fill that branch up. But a factory can not run with a strike in 1 department this week and the next department the next week, and so on. We must work as one body; it can not be otherwise. Therefore our rules are fixed to arbitrate only with 1 body, and they are fixed so strongly on that that the Shoe Manufacturers' Association will recognize but 1 body. Any manufacturer that recognizes an outside body is subject to a fine. We can not work otherwise.

We have worked, as I say, up to this time on these lines. So far as the statements made here to you last night, many of them—one man was, I think, thoroughly honest; but in one line, I will say to you, that he was entirely mistaken; that is, the last witness, Mr. Collins. He stated that in the factory of Laird, Schorber & Co., where he is a turned workman, that they sent down at the proper time this year a revised schedule of wages asking an advance; that they asked for it; and he said they paid no attention to it or there was no attention paid to it at all—it was thrown aside, it had no attention at all from the firm—we will not pay any attention to that. Now, that man I do not think was dishonest, but that man does not know the rules, because he is not interested in them. He is one of the people out of our 5,000 of the 2,000 that Mr. Goodwin speaks of that we have here to-day. Mr. Goodwin says we have 2,000 that we work, and we had 5,000 some years ago; but we have 4 factories that have 2,000 people and he knows it—the 4 largest factories have 2,000 people and he knows it. The trouble with that man was that he did not understand, as I say, the rules; he is interested in other things. He is an efficient and honest man, but he has his ideas, as you can see. If they had placed the bill to their firm asking an advance of a cent or a cent and a half, which he claimed, or 2 cents and a half in that branch of turns, and the firm had paid no attention to it, on the 1st day of November the advance they asked would have been paid. When an advance is asked by any branch of the work people the advance must be paid, without the manufacturer makes the grievance. It is the manufacturer's grievance if he does not pay it. That might seem wrong end foremost, but that is the rule we work under. If an advance is asked and there is no answer made to it before the first joint board of arbitration, if between seasons or any occasion of new work, or being put in at the proper season, before the 1st of November, that bill stands, and there never has been a time when it has

been gone back on. On the other hand, if the manufacturer asks for a reduction in price and there is no answer made until the proper time, the reduction goes into effect. You understand me. Therefore, if Laird, Schober & Mitchell had had a bill put in to them for an advance on turns, and they made no reply to it, they would have been paid for during the following year at the price that was asked by the men that put in that bill. Therefore, you can see there was a mistake in statement. That man did not know, did not mean any wrong, but he had the facts wrong. The other man I know made statements that he knew were not straight, as we will prove to you from records of his own shop.

Mr. Goodwin speaks of victimizing. Mr. Goodwin is a living witness to the fact that there is no victimizing, or he would not be working to-day in a factory belonging to the Shoe Manufacturers' Association; because he has been the most notorious agitator and leader of strikes from the time of the Knights of Labor to the present day that there has been in Philadelphia. There has not been one trouble here that Mr. Goodwin's fingers have not been into; and yet he is working to-day in one of the factories of this association. That is the only reply that is necessary to that.

Q. (By Mr. KENNEDY.) Could your association compel the discharge of Mr. Goodwin from that factory?—A. No. Now, I am glad you asked that question. The records of our association from the beginning of its organization until this present time will show—and we have them right here—that there never has been a resolution passed asking or directing or suggesting the discharge of a man in any shop in Philadelphia. Mr. Goodwin stated that there was a resolution passed—and he gives the date the resolution was passed—in the Shoe Manufacturers' Association that Mr. Goodwin should be discharged. That is entirely false, as there was never a resolution of that kind passed. There never was a blacklist sent out from the Shoe Manufacturers' Association, notwithstanding the affidavit that Mr. Elkins at a beer saloon said there were only two men out of all of them in this city that were blacklisted. There never has been a blacklist sent out from any man in this city, from the Shoe Manufacturer's Association—not one.

I do not want you to understand now that the shoe manufacturers in every case have lived strictly up to the rules. They have in the end, as I think, if any complaint has been made, it has been brought before the officers or the joint board of arbitration. But our rules state that during the pendency of any question in dispute there shall be no stoppage of work nor shall any man be discharged. There have been, I think, two instances of discharge of men who made complaint. One I know very well and one Mr. Goodwin knew very well, and on being brought before the joint board of arbitration those men were reinstated in their work and went back to work in that factory, as the manufacturer had broken the rules, and he was forced to take them back to work, and they went to work and held their positions. Now, do not understand me to say that every man stands exactly on the same basis here. He does not any more than he does if you have any business with your own employees. If you know of a man whose character is bad, from drunkenness, from disloyalty, being a disturber of the peace, and he is in your employ and is injuring you in any possible way, you will discharge him. If you know of him before he gets into your employ, you will not employ him. You will not employ that kind of a man. There are mean shoemakers here, no doubt, that all shoe manufacturers know, as we know each other and know people generally, and those people do not get any preference. There is no doubt about that. But there has never been any blacklist. There have never been any resolutions passed on them or anything of that kind. But the worthy workmen and some of the most violent opponents of us have had work and have worked straight through. One case I could give you, and I could have brought the man here to-night. He does not work in our shops now—the association shops. That man claimed, and he made a very strong claim, and they could have at one time got his affidavit, that he was victimized because of having made a complaint. He afterwards was not only in one of the factories, but he was elected to the central convention and to the joint board of arbitration, and he made a statement before the central convention and the joint board of arbitration that he wanted to put himself straight; that he had believed that he had been victimized, but he was satisfied that he was not or he would not be there, and that he had been treated perfectly fairly, and he wanted to make that acknowledgment before his fellow-workmen and before the shoe manufacturers. He is not working for us now. So those things fall. There is not a thing in them. There are dissatisfied spirits and will be and always have been that nobody can satisfy. I will guarantee that any man that will take our records here and look them over—of course, we do not keep shorthand writers and take their testimony—he will find that the decisions of the joint board of arbitration between the shoe manufacturers and the employees in Philadelphia have been as just as those of any court in the United

States, and I will except none. And I will say that the people on both sides have been honorable, straight people, and the people who would not do straight were made to do straight; that they have been on their honor. We have had a class of people that we are proud of, and it is not true, as has been intimated, that they were controlled by the shoe manufacturers. They have not been. I speak now of our own factory, and I speak, as I fully believe, as to other factories. The only thing is that they hold their organization tight enough, because there is not any way we could get along so comfortably and peaceably if they did not keep things as tight as they should on their own side.

Q. Do you require that every man who works for you shall be a member of this association of shoemakers?—A. In effect we do. There is no influence or anything to the Central Convention of Shoe Workers, but when a man comes to us and asks for employment we say to him, This shop is working under the joint board of arbitration rules—do you know what they are? If he says he does not, we say, Here is a copy. Now, we want you to read them. Now, do you accept employment under them? If you do, you become a member of the Central Convention of Shoe Workers as soon as you work in one of the Central Convention shops. They struck this summer and fall, broke their contracts where they had agreed to work for 8 or 9 or 10 months under bills of wages; and struck not for extra wages so much as to break the joint board of arbitration. They asked nothing in wages. They say, Give us anything, if it amounts to no more than \$5 in the balance of the 2 or 3 months; we do not care what it amounts to, only so we are recognized. We want to break this joint board of arbitration and we will break it. Those men who struck in November can not get back to work without they sign an agreement of that kind—and all other people coming in on the work—that in case of any dispute they will submit it to the joint board of arbitration for settlement and they will abide by the decision of the board.

Q. How are these dues collected?—A. These dues have been collected in different ways. They have their shop committees; but the dues being so small, it was a troublesome matter. I think probably the best organized and the best shop in the United States—I say that and I will prove it by the records from Harrisburg, of the labor commissioner—organized a plan to pay their dues, by appointing one of the members of the firm as the treasurer of their association; and he kept their accounts and made their statements. They passed a resolution authorizing him to make a 10 cent assessment, and to post notices up when it is to be taken off; that that shall be done by an officer of their organization instead of their going around to the men, 2 or 3 of them, and collecting from each one. They have it taken off by resolution, and that amount of money is paid in, and he keeps the amount and renders his account to them and makes statements.

Q. (By Mr. LITCHMAN.) Is that the reduction that was spoken of last night?—A. Yes.

Q. (By Mr. FARQUHAR.) A question was asked last night, and did not seem to be answered in very good shape, as to Rule 2. (Reading.) "Employers or employees must not discriminate for or against any individual because he or she is or is not a member of any organization." Is not that of the quality of an open shop?—A. It is. It was so understood at the time when we broke from the Knights of Labor—that we had open shop. But I want to be perfectly fair in this thing. Any one accepting work under the rules of the Central Convention of Shoe Workers and the Shoe Manufacturers of Philadelphia binds himself that he will not strike, that there shall be no strikes or lockouts, and all questions of dispute will be submitted to arbitration. Take an organization—we will say, for instance, the Lasters' Protective Union; one of their pledges is that they will strike when they are ordered to strike. Can a man pledge himself as they did at that time? When we went in we did not discriminate against the Knights of Labor; but a man says, "Here, if the Knights of Labor order me to strike, I must strike." "Well, if you strike, you know what you must agree to; what are you going to do?" "Well, I have got to keep out of one or the other." No man can bind himself that he will not strike to one organization, and at the same time be bound that he will strike to another.

Q. (By Mr. Litchman.) Did you know that the Lasters' Protective Union was not a branch of the Knights of Labor?—A. I did not know anything about that; no. This Lasters' Protective Union came upon us like a shower bath about 4 months ago. We did not know anything about it until last August. When they first jumped the shop, the first thing we knew, at least that I, as the president of the association, knew, was when they came in at 10 o'clock in the morning and said: "Here is a bill of wages." That bill of wages was no advance on what they were being paid; it was a different way—an all around price. I said: "We can not pay such an all around price, because the men that get all the hard work that there is will kick. There will be complaint, as there has been in the past, that this fellow gets too much and the other fellow gets too little." They said: "You

will sign that bill of wages by 11 o'clock or we will go out." Gave us an hour's time. I said: "What for? What is this?" They said: "That is what we are ordered." "Ordered by whom?" "Ordered by the Lasters' Protective Union." "Where is their headquarters?" "Why, in Lynn, Mass." I said: "You must have headquarters here." They said: "We do not know about headquarters here." They did not want to give anything away. I said: "You know we do not do business that way here. If you ask a change here and make a demand, it is our grievance. It is nothing for you to do, and when the joint board of arbitration convenes we will put this grievance in." "No, we will not submit to the joint board of arbitration; it has got to be settled, or we go out." And they went out, but they have come back since and signed an agreement that they will never do it again.

Q. That is the present organization of the Lasters' Protective Union?—A. Yes.

Q. You have had no intercourse with the former organization of the Lasters' Protective Union?—A. No; we have had no intercourse with anyone but our own people, except indirectly.

Q. Are you familiar with the plan of organization of the Knights of Labor?—A. The plan of organization of the Knights of Labor was perfectly straight and right if carried out honestly, and, as Mr. Powderly said, if they made no mistake; but when the assemblies got into the hands of bad men or incompetent men, either one, why it did not work; that was all; the system was correct. We never were particularly educated in the inside history of the Knights of Labor. What we knew of them, so far as their general leaders were concerned, was satisfactory; but so far as their principles were carried out in their assemblies and district assemblies, they were entirely impossible to live with; we could not live with them; we could not do business with them at all under that system; that was the reason that we rebelled, because we could not do business with them as they were carried out. Just the same as you take our rules to-day, and if they are carried out by scoundrels and men without honor on both sides or either side, probably they would not be a success; but we claim that we have honorable people as shoe manufacturers and honorable people as shoe workers, and in our organization in the past 13 years we have practically drawn together that kind of people, although as far as the shoe workers are concerned they have been constantly under the fear of just such men as Mr. Goodwin and that class of people, that have been trying to break them up and making all kind of charges and innuendoes against them.

Q. Have you a copy of the original rules?—A. With the Knights of Labor? Yes.

Q. Can you furnish a copy as part of your testimony?—A. Yes; certainly. There was no particular difference that I recall at all. The difference was where we agreed that we would employ no one but Knights of Labor. That was left out. That was made the second rule. We will discriminate against no man—whether Presbyterian or Democrat.

Q. Your present rules, then, are substantially the rules that were made with D. A. 70, Knights of Labor?—A. Yes; they are.

Q. Now, you spoke of a fine that would be charged against the manufacturers under certain conditions?—A. Yes; that is the only fine we have in our whole organization.

Q. Would you object to stating the amount of that fine?—A. \$100. I do not believe any organization of this kind can last unless it is based upon justice and administered by honest men on both sides. We have great pride—both the Central Convention of Shoe Workers and Shoe Manufacturers—in this organization for the time that it has existed, the benefit we feel it has been to us, and its success generally.

Q. How do the wages at the present time compare with those of 13 years ago?—A. The wages at the present time can not be compared with 13 years ago. Shoe manufacturing, like everything else, has been entirely revolutionized. There is no way of comparing wages. Certain classes of wages are very much higher than they were years ago; other classes of wages are less than they were years ago. Wages are, as any business man knows, and as you gentlemen all know, controlled entirely by supply and demand; might can't make them; it may temporarily; might is not right, and might will not make things permanently. So far as lasting is concerned, our hand-work lasting part of it is done the same way, and has not been changed for 10 years in our factory. To-day most of our lasting is done very much cheaper than we did it 10 years ago. The workman, I think, makes about the same, but we have introduced machines that cost \$500 apiece. With that investment we can do the work cheaper. There is less work to be done. The machine does part of the work cheaper than the men did before; therefore the lasting machine makes the work cost less than it did 10 years ago. The wages paid for doing the work are the same. Perhaps some of the others pay

more, but they have not been changed with us for 10 years. During all the depression our wages did not go down. We have advanced wages when we were obliged to. We have advanced wages between seasons, when the textile industries here became very active, as a number of people who had gone to the shoe business, and who were formerly weavers, working in different branches of the textile works, went back to work and made a scarcity of hands. We have to pay what we can get them for, and between seasons we raised the price to get somebody to come back. They can make more working temporarily in the weaving mills.

Q. As a whole, can a man in the shoe business to-day earn as much as at any time during the last 10 years?—A. So far as the proprietor is concerned, he can't; I will say that. I know I can't make—

Q. I asked you in regard to wages.—A. We are on the wages bill; my partner and myself both go on the wages bill, and get lower wages every week. Of course that was not what you meant. I will be fair to you. I can tell you best by going back. We have been in business since 1871. We have 1 girl that came with us in 1880. Her name is Josephine. She has been married since. She is still working for us. When she first worked for us she made \$12.50 a week; she makes from \$14.15 up now. She was an old operator—she was not a new one; she makes from \$14 to \$15 now. That is the only one that has been continuously with us, and I noticed her wages. I think she is doing better than years ago. Whether she is more expert or not I do not know.

Mr. Goodwin last night spoke of a case where a reduction was made between seasons. Now, if Mr. Goodwin had been as active in the Central Convention of Shoe Workers as he has been in trying to break it up, he would have known that the rules of the joint board of arbitration permitted of changes between seasons in bills of wages where the change is signed by the manufacturer and by every employee in that branch and goes before the joint board of arbitration and is approved. Changes have been made in the last 13 years both ways, both up and down. Any change of wages between seasons is required to be ratified and approved by the board of arbitration and to be signed by both parties. For instance, as I have said in the cases here, when the textile works got so strong and were taking away our work people we were obliged to raise wages in branches, as we have done; to hold good help and to get good help to do the work an advance has been made between seasons. The reduction that has been made, as our records would show, has been approved by the joint board of arbitration. On the other hand, there have been very dull seasons, as we all know, in the last 10 years, and people making fine goods—their people were working half time or less. The manufacturers had to try to sell to the jobber, whom they don't sell to. Our people here all sell direct to the retailer. I had an opportunity of getting a class of work here, all case work for a jobber, if I could make it at a certain price; so I had to say to my people, Now, if you people will take a reduction on this class of work, which is particularly designated, we will make this work, we can make it; we can make our manufacturing expenses, and you people can make work where you would otherwise be idle. They accepted that arrangement. For instance, within the last 8 days a manufacturer had an opportunity to take on jobbing account here, and we have not only the signatures of the whole branch, but we have nearly all the signatures of the old District Assembly No. 70 that it should be approved. In that way, and only in that way, the changes have been made, that is, where it is the unanimous agreement of both, and is approved by the joint board of arbitration—when they are satisfied that there has been no advantage taken of them in any way, then it can go into effect between seasons either up or down.

Q. (By Mr. LITCHMAN.) How many weeks' work in a year do you have in your factory?—A. We work 52 weeks; very full up to this last year, when we have not been quite so busy; and the first week's shut down we have had for 5 years will be between this holiday season.

Q. Do you mean you work 52 weeks in the year and at 10 hours a day?—A. Well, most of the year. Several of the years we have been particularly fortunate in doing a class of work that runs very evenly. We have run more evenly than most factories. There is always more or less variation, but we have work.

Q. You have seasons?—A. No; our business is a little different from general business. We make shoes entirely for large department stores, and when they take a line of goods they will sell those goods the year round. Now, they say, We want to use so many goods in 6 months. We will give you an order to make them up when you please. Therefore we start out to make so many pairs a day and we average them up. We carry a large amount of goods, so in that way we have run very evenly.

Q. Does your factory make goods for the foreign trade?—A. No.

Q. There are factories in Philadelphia that do that?—A. Yes; to some extent.

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Q. (By Mr. FARQUHAR.) Has work in your factory been somewhat continuous since 1890 for the 52 weeks in the year?—A. Yes.

Q. There was no let up during the so-called hard times?—A. No; we went right through that; but under the circumstances, making, as I say, the kind of goods we do, it does not fluctuate up and down so.

Q. You would not speak for the entire trade of the city?—A. I would not want to speak generally for the trade in the city; that applies only to our own business. (Thereupon the witness submitted the following paper:)

PLEASE POST CONSPICUOUSLY.

RULE 14.

The minutes of each meeting of the joint board of arbitration must be printed and posted in each factory within five days from the date of meeting.

COMMENT.

That all employers and employees may be fully informed of the proceedings and decisions of the joint board of arbitration.

THE BOURSE, 207-211,
Philadelphia, December 4, 1900.

The regular monthly meeting of the joint board of arbitration was held, George P. Schober, president, presiding.

Present, representing the Shoe Manufacturers' Association, were G. P. Schober, J. G. Croxton, C. S. Gibbon, John Mundell, C. W. Allen, Alfred Mayer.

Present, representing the Central Convention of the Shoe Workers, were J. Dugan, R. Baker, A. P. Super, A. T. Adams, A. Dougherty, C. Dougherty, O. Maute, Edw. Hill.

Minutes of meeting November 6 approved.

Communication received from J. W. Goodwin stating that owing to absence from the city he could not attend the meeting.

Communication was read as follows from Messrs. Smaltz-Goodwin Co. and their fitters:

PHILADELPHIA, December 4, 1900.

To the joint board of arbitration representing the Shoe Manufacturers' Association of Philadelphia and the Central Convention of Shoe Workers of Philadelphia.

GENTLEMEN:

Owing to the introduction in our factory of an entirely new class of work heretofore made in other shoe centers, we, the undersigned, representing the Smaltz-Goodwin Co. and their fitters, have made the following mutually satisfactory changes:

Advances on sundry items have been granted to the lining makers, skivers, folders, closers, stayers, pasters, tip, top, foxing, facing, and back-strap stitchers, binders, fitters, button sewers, and vamps.

Ten per cent has been granted off on all thirty-six pair lots and over.

(Signed.)

SMALTZ-GOODWIN CO.

BELLE FOSTER.
MRN. A. HOWIE.
BELLA HENDERSON.
NELLIE TULL.
HESTER FROWEST.
EMMA LAFFERTY.
MARY HAGERTY.
MARIA MURRAY.
KATIE WILKERSON.
MARY GEGAN.
IDA CLARK.
ANNIE KELLY.
MAMIE ELLIS.
SARAH GOLDMAN.
GEORGIE BACON.
FLORENCE GUILFOYLE.
MARGARET SULLIVAN.

Mrs. BORTON.
MARGARET SHEERAN.
MARY BROWN.
AGNES REILLY.
VIOLA M. KELLY.
FLORENCE DEAN.
KATIE DOYLE.
ANNA SCHAEFER.
BESSIE DEEGAN.
MAGGIE O'NEILL.
AGNES NOLAN.
SADIE FINLEY.
PAULINE STALLBAUM.
EMMA MILLS.
JOE EAGEN.
ELIZABETH KELLY.
LIZZIE McELWEE.

Agreeable with a resolution approved October 30, 1890, by the joint executive committees, the mutual agreement of the firm and their fitters was unanimously approved.

On motion, adjourned.

ALFRED MAYER, 304 Cherry St.,
T. A. RUTTER, 1103 Race St.,
Secretaries.

There are 34 signatures to that notice. One of our rules requires the proceedings of the Joint Board of Arbitration to be printed and posted in every department in every factory within 5 days from the date of the meeting. That notice is of our last meeting, and it shows one of the causes of reduction of wages spoken of. We want you to understand everything. There is nothing we do not want to call your attention to.

Q. (By Mr. CLARKE.) Does it happen that some of the lasters and helpers of the lasters are laid off for several days in the week?—A. Lasting is a little bit different from the general run in some respects. The lasters in certain factories are not employed steady straight through. The lasters in our factory, as we have been running—I think you would find their wages would not vary more than a dollar or two a week. I think you would find some of the other factories the same way. There are some factories that do a trade that has dull times. Some of them will shut down here for perhaps a month. I think one factory here will close right up for a month each year—one of our association factories. They make case-lot goods and make for jobbers and large dealers, and they must run so many pair a day or lose money. They make these goods right square up, and when they have done that they shut down and quit until they get in shape to go on again. But they make good wages when they do work.

Q. (By Mr. FARQUHAR.) What is the average wage of lasters in that way?—A. I really could not tell you. Mr. Goodwin's own factory—Mr. Mundell's factory—is known to pay the lowest piecework price there is in the city; I do not think there is anybody lower. He makes largely Government work—a large amount of Government work.

Q. (By Mr. LITCHMAN.) You mean to say if we get the figures from Mr. Mundell it will be representative of the others?—A. I think so; yes. I might say that Mr. Schober, of Laird, Schober & Co., has been on this Joint Board of Arbitration since its organization. Their factory pays the highest wages of any factory in the United States, and I presume their lasters make more wages than Mr. Mundell's and some others, but they make a very fine line of goods and do a very large business. They pride themselves on the amount of money they pay their work people, and yet they have more strikes than anybody else.

Q. (By Mr. KENNEDY.) Are you the gentleman or are you acquainted with the gentleman who is alleged to have hounded a man to suicide—to have persecuted him to such an extent through his foreman that he committed suicide?—A. We brought a man here to answer that, a man that was a fellow-workman right beside him. He can explain that to you fully. That was one of the most outrageous things that I ever heard spoken of in public.

I want to state that when this lasters' trouble commenced here we corresponded with the best shoe factories making the same kind of goods in New England, New York, and Ohio, and got their bills of wages to see if there was any reason for complaint. Mr. Goodwin was asked last night how we compared with New England, and I believe his reply was that he thought our piece price was about the same. We found from those replies that our wages were with the highest, and higher than many, but we found there was none higher than the wages we were paying here for lasting. I just wanted to make that statement to show to you that Philadelphia, under its joint board rules, is not pressing the workmen and giving wages cheaper than at competing points.

As to the question asked here last night about the policy of a penalty of imprisonment or other penalty for anyone who caused a strike or lockout without first applying for arbitration, I think I can reply very differently from the party that was asked last night; that we certainly would think that was an elegant scheme. We thoroughly believe in arbitration, and I fully understand why it was not answered that way last night.

Q. Do you say you would be in favor of such a law as that?—A. Yes.

Q. Imposing a penalty on the employers for a lockout without first having an appeal for arbitration?—A. Yes.

Q. And on the men for ordering the strike?—A. Yes.

Q. (By Mr. FARQUHAR.) Do you know of any organization similar to this Central Convention of Shoe Workers and not chartered by a national organization in the United States?—A. No. We have had communications and delegations from all over the country, and different branches of business, examining and going into our system. I will say we had a call from a commissioner from what we would call congress in France. He came over here since they have become a republic. He states their people feel the Government ought to take care of everything and try to establish some means of arranging difficulties between employers and employees. He went all through the country and all the branches, but he came here and stopped, and had a meeting at the Manufacturers' Club. He then went West, and when he went back, before he sailed, he sent a communication

* through his counsel that the only information he felt he got of any value was from the plan of the organization of shoe manufacturers in treating with their employees in Philadelphia on the question of arbitration. We are very proud of our organization and how it has stuck together. I will say that people have tried to copy it and have failed generally. Why? Because they have not acted squarely. It is harder to get a class of manufacturers that will pull together, that will be fair and honorable with each other, than it is to get the work people.

Q. Is it a greater benefit to all the manufacturers in your association to be associated as you are now and have this labor stable and permanent than it would if you were simply running separate factories and dealing with a union?—A. Well, so far as that is concerned, I think it is probably a very serious question. I have thought of that a good deal. We have suffered from that at times. If we were free footed and had no obligations of this kind in times of depression, we could meet competition, and we could get wages very much lower than we have got them; and we have perhaps lost some trade by that. I do not think Philadelphia shoe manufacturing has been particularly increased by this; I do not think it has been a loss. But it is a question so far as the manufacturer is concerned. He would get more out of it to fight and take advantage of people than he can under our system. So far as business comfort is concerned, a man feels that he is doing a fair thing. On the average I think it is a good thing.

Q. Does this association of yours hold more stable prices for the products and have less quarrels in competition with each other than if separate?—A. We have no competition with each other. The shoe business is a very peculiar business. There is no competition in wages here, because every manufacturer makes something of a different kind of goods, and he sells with outside competition. Our competition is not with each other; we don't all make the same thing. One person will make fancies; Mr. Mundell solar tips and Government work; Mr. Gibben will make a shoe from \$1.20 to \$3 and women's shoes, and make them in case lots; and you take the Zeigler Brothers, and they make two grades—a fine grade and a lower grade.

Q. Now, give us some exporters, if you can.—A. I think Zeigler's and Laird's are about the only exporters of Philadelphia.

Q. What is the character of the exports?—A. Very fine goods. Mr. Schober can tell more about that than I can. They have trade in Paris, Vienna, London, and Australia, and have had for years in Havana, Cuba. They had something of a trade of that kind. They make special fancies—hand work and machine work, both grades, and goods of that kind.

I want to say about the wage question, in reference to Laird, Schober & Co.—perhaps you know I have just received a blank from the State government to be filled in reference to wages, the average amount, goods made, and all that. Laird, Schober & Co.'s report was so favorable that it was doubted by the department. They corresponded and asked if there was not a mistake, and they told them there certainly was not, that the accountants had gone over and corrected them. They asked them for the privilege of having one man come down and verify it. They had him come from the state department and spend a week going over the books, in getting the rate of wages, and the amount of wages paid by them, and they found it was correct. They said it was something unprecedented.

This Shoe Manufacturers' Association, working in this way, brings the shoe manufacturers closer together each with the other. They work together and have a more kindly feeling; also the work people have a more kindly feeling in favor of each other, and are not afraid of the employers as they have been. They go on and do a business of honor between man and man, and in that way it has been a very great comfort and benefit. We could sit up here and tell you for hours what we went through with before we had arrangements of this kind, and you would see that a man could not have his own son work for him—a manufacturer could not have his own son work for him. When he wanted to put him in his shop they said, "No, he is not a Knight of Labor." He made application to join the Knights of Labor, and he could not be a Knight of Labor because they blackballed him.

Q. (By Mr. LITCHMAN.) Were you ever a member of the Knights of Labor?—A. No.

Q. You get that from hearsay?—A. No, I get that from knowledge of the party who is one of our association. I know the son and I know the father, and I know there is no doubt about it, and you know as well as I do it could be so.

Q. If they were blackballed, it may be from other reasons than trade reasons.—A. It was to show what they could do. We had a bad lot here for a time. You don't know what we suffered. The organization was all right; so was Mr.

Powderly. I do not know anything else I can say. I would like to make this thing perfectly clear, because we are very much interested, and we are the only organization that has existed continuously for a number of years in the world, I presume, and without compulsory arbitration, which is impossible and a contradiction of terms.

Q. (By Mr. FARQUHAR.) Are there not quite a number of arbitration boards, and big ones, in America?—A. Not that have lasted 15 years.

Q. And have not had a strike for 10 years?—A. Not for 15 years; January 1 next it is 16 years since we were organized.

Q. (By Mr. LITCHMAN.) Does this antedate the Locomotive Brotherhood?—A. Yes. Not the Central Convention; these rules are the same; it is only a change of organization; they had the same system of arbitration with the same rules back to 1885.

(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. ALBERT P. SUPER,

President Central Convention of Shoe Workers, of Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. Albert P. Super appeared as a witness at 8.45 p. m., and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Albert P. Super, 1707 South Sixth street, Philadelphia.

Q. What is your occupation?—A. I am a McKay operator now. I am running a McKay machine.

Q. Do you hold any official relation to any organization of workmen?—A. Yes. I am president of the Central Convention of Shoe Workers. I am also a member of the joint board.

Q. How long have you held those positions?—A. Well, I have held the presidency of the central convention since last January, this time, and I held it for 2 years some 8 or 10 years ago—in the early part of the organization.

Q. Are you thoroughly acquainted with the conditions of the operatives in the shoe factories in Philadelphia?—A. I think I am. I am as well posted, I think, as any workman can be.

Q. Please go on in your own way and state what you wish to state to the commission.—A. Well, I will say that I have been connected with this organization ever since it was started. I have been president of the central convention two different times. I think I served 2 or 3 years. I am not positive which, but I think 2 years the earlier part of the organization, and 1 year this time, since last January; my term expires the first Saturday in the coming January. I have been a member of the joint board for 12 years out of the 13, as a regular member and as an alternate. We have 7 regular members of the joint board from the central convention and 3 alternates. I think I have missed very few meetings of the joint board since I have been a member. I have considered, I think, pretty near all the cases that have been before the board since it was organized, with the exception of the 1 year that I was out. I was not a delegate or member of the board for 1 year.

I do not know that I could go over everything that has transpired; but I think, in fact, I know, that the workings of the joint board of the central convention have been harmonious ever since the organization. We have gotten along very well and the cases that have come before the board have been, I think, as Mr. Croxton has already stated, honestly and fairly adjusted—as fairly as could be under the evidence that was produced before the board.

Of course, Mr. Croxton knows, and you gentlemen know, that there are plenty of people that would not be satisfied, and that were never satisfied that I know of. I have had experience with them in the other organizations, all one-sided labor organizations, and we always had these people that complained of the workings.

I went through the Knights of St. Crispin in this city and all through the Knights of Labor, and previous to the Knights of St. Crispin we had what we called the Philadelphia Union, which was a one-sided labor organization. None of them lasted, I think, half the time that this organization has lasted; and I can say positively that to my own knowledge and of my own observation this organ-

ization has been of more benefit to the masses than either one of the other organizations. We have had raises and we have had reductions under this system, and we have had plenty of raises and reductions under our old systems, but I think that the masses have been treated better by the joint board and by the manufacturers' association and central convention than we were by our own one-sided labor organizations. I have had about 30 or 35 years' experience in all of them.

Q. Do the manufacturers dominate the men through this organization so that they preclude them from any independence in their deliberations in the organization?—A. I can say for myself, in the factory where I work, "No." I have been working there continuously, with the exception of about 1 year, since 1882. I think I was out of the factory about a year, and have been there going on 19 years. The firm I have worked for has never said anything to me as to what I should do as a member of the central convention, or member of the joint board, or any officer of the shop's organization. I have held all the offices in the shop's organization, from president to member of the grievance committee, and have never been dominated over by any one of the firm. There are 4 members of the firm now, and I can say positively from my own experience—and I have always been an active man in the work of the shop's organization and central convention and joint arbitration board—that they have never dictated to me what I should do or should not do.

Q. (By Mr. LITCHMAN.) What firm do you work for?—A. Ziegler Brothers.

Q. How long have you been a McKay operator?—A. I have been working a McKay machine for 22 years.

Q. What wages can you earn, if you have no objection to telling it?—A. No; that depends on the class of work that we have—we have different classes of work—and how it comes to us, and one thing and another. I have made as high as \$23 and \$22, \$18, \$15, and so on, per week.

Q. How many weeks' work do you get in the year?—A. We work there pretty near all the time. We do not have full work all the time, but there is very little dull season that we do not have something to do.

Q. Do you work by the piece?—A. Yes. I did work several years by the week.

Q. What kind of goods do you sew?—A. All kinds of ladies', misses', and children's.

Q. How many pairs of shoes to the case in women's?—A. They run all sizes, from 6 pair to 36 and 48, and so on.

Q. Does your factory work for the retail trade or the jobbing trade?—A. They work for the retail trade, and some jobbing, too, but principally retail.

Q. It is, then, in the jobbing trade you have the large-sized cases?—A. Mostly.

Q. How do your sizes run in the women's shoes?—A. We run from 2½ up to 9.

Q. Up to 9?—A. In some cases, but not all.

Q. What is the rate of wages for a case of 36 pairs of women's shoes?—A. We get three-fourths of a cent a pair for all women's shoes.

Q. You are paid by the pair?—A. Yes; we get paid by the pair in our work—McKay operating.

Q. You get paid for a woman's shoe, how much?—A. We get three-fourths of a cent.

Q. How much for misses?—A. We have two grades of misses'. We get eleven-eighteenths of a cent for some.

Q. Those are the usual sizes, from 11 to 2?—A. Yes.

Q. And for the children's?—A. For the children's we get five-ninths and eleven twenty-fourths of a cent.

Q. Those are the two extremes?—A. Yes.

Q. You started on the misses' shoes to give the two extremes.—A. Eleven-eighteenths and thirteen twenty-fourths of a cent, and five-ninths and eleven twenty-fourths of a cent for children's; but in women's we only have the one price.

Q. You work 10 hours a day.—A. We work 10 hours and a half a day, and then the week is up at 12.30 on Saturday.

Q. Fifty-nine hours a week?—A. Fifty-eight.

Q. If you have a full day's work how many pairs of women's shoes can you sew?—A. From 400 to 550.

Q. Can you keep that up for the entire week?—A. I generally average about 450 pair per day—something like that; generally sew from 2,300 to 2,500 pair a week.

Q. You are a fair operator, then?—A. I am about in the middle. We have some that can sew a good many more, and there are some that can sew a great many less. I claim to be about the middle.

Q. It is a pretty good week's work to sew 450 pairs of women's shoes per day and keep it up a week?—A. I consider it a pretty good week, but I have worked

alongside a man, some time ago, that could sew 800 pairs a day when he had his machine steamed up pretty fast. I have seen it.

Q. The McKay operator is considered one of the skilled workers in the trade?—A. Some people consider them so. We have a good deal to contend with.

Q. Are you familiar with the wages paid for lasting?—A. Not very; I could not say.

Q. Has not the rate of wages come before you as a member of the board of arbitration?—A. Yes. Different shops or factories pay different prices. Then it is a good deal the way the work comes to the laster. Almost every shop has a different system. In some shops the work comes in different forms than in others.

Q. The object of my question was to try and fix, if we could, the average wages of lasters.—A. I could not give you that. I know some lasters in the factory where I work that make very small wages, and some make very good wages.

Q. Can you give the extremes?—A. I can only give what I have heard men say they make. I have not seen the books or checks, but I have had lasters tell me they made \$15 and \$16.

I think there was a statement made last night about a man committing suicide on account of wages being small in the factory where I work. Mr. Goodwin, I understand, gave evidence that there was a man committed suicide in Ziegler Brothers.

Q. Mr. Goodwin did not; it was Mr. Collins.—A. Mr. Collins, then. Well, I knew Mr. Simpson well. He was a turn man—turn second laster. That is entirely different from the McKay department.

Q. Doubtless he worked with a Goodyear machine?—A. Yes. In the shops of Ziegler Brothers they have a number of teams on turn work. Their season starts about December and they run from December up to June, and then they slack up. Then some of the teams are laid by; they have not work enough to keep all the teams going, and they lay some of the teams off. For a number of years the firm has very often taken men that work in turn department, when they would lay them by, and give them a chance in the McKay department—put them on there sooner than let them go out of the factory and have nothing to do.

Mr. Simpson was a turn-second laster. Mr. Ziegler told me to-day that he had heard that this statement was made, and he got the clerk to go over the pay roll when Mr. Simpson was there, previous to his death, and get his wages. In 1897, from March 3 up to June 29, are only 3 weeks that Mr. Simpson lasted on the McKay work previous to his death. His last week in the turn department was May 12, just before his team was laid off, and he earned \$12.68 that week. That was the last week. Now, the other weeks run from \$17.15 to \$32.73.

Q. Did he have to pay the tacker out of that?—A. Yes; he paid the young man jacker. I do not know what he paid there.

Now, the 3 weeks on the McKay work is very small. Mr. Simpson was a turn-second laster, and when he went into lasting the McKay work there was quite a difference. There he made \$4.93, \$4.81, and \$4.79. These are the only 3 weeks he worked on this work previous to his death. Mr. Simpson left the factory, I think it was on Saturday, and on Saturday night there was apparently nothing the matter with him, and he got his money and went away. I think it was Saturday night or Sunday night, I am not positive which, he had some trouble, I believe, at his mother's, and he tried to do himself bodily harm. A police officer was called in and—I heard this; I am not saying this positively—I heard that he butted his head against the wall and caused bleeding, and the police officer took him to the hospital. They took him into the wash room of the hospital to wash his head and fix the wound, and there was a razor lying on the washstand or on the window ledge, and while the attendant was there he grabbed this razor and cut his throat—drew it across his throat. I think that was either Saturday night or Sunday night, and he died the next morning early. Now, I do not know, but I was told that Mr. Simpson was a married man, but did not live with his wife; had some family trouble. When I heard of his committing suicide I commenced to inquire, and the rest commenced to inquire, and that is what some said; his wife lived in Jersey and he stayed with his mother in this city; that he had some family trouble. These are his wages [submitting memorandum].

Q. The statement, then, that his wages were less than \$5 per week for weeks previous to his suicide is correct?—A. For the 3 weeks; that is right.

Q. That is his own individual labor; nothing to pay out of that?—A. No; he was then hand lasting.

Q. He was not working with the lasting machine?—A. No; he was lasting by hand. He would last, and then the tacker laid his stock. The tacker lays the stock for all the hand lasters.

Q. He could not have had work all the time, even if his wages were light?—A.

No; it was a dull season in McKay work when he was lasting. The men would come out and get work, and they would probably have to wait for 2 or 3 hours, and probably half a day, before they reached them in the dull season.

Q. (By Mr. FARQUHAR.) Is that memorandum signed by anyone?—A. No; it is taken off the bill of wages by the clerk who makes up the pay roll—taken off the books. It is not signed by anybody. I swear I believe this to be correct; that Mr. Ziegler told me he got this from the clerk, and that this statement would probably be wanted; that this question might be asked, and he desired me to present these figures so the commission would know.

Q. You have had quite a long experience in various organizations—the Crispins and Knights, and all that?—A. Yes.

Q. And you claim that this central convention of shoe workers, so far as fair play is concerned, is in better shape to give the whole mass of workers justice than was the case in what you term one-sided or single organizations?—A. Yes; I do honestly believe it.

Q. You think this results from this mode of arbitration between employers and employees, or how?—A. Yes; because it does away with so much striking. What I mean by one-sided is that heretofore when we had a labor organization of our own, we would go into the shop and there would be demands made of the firm, and they would not grant them right away and we would strike the shop. I was chairman of what we termed the grievance committee, and I have ordered the men and girls out of a factory on little cases in the factory that would occur, and would empty the whole factory of probably 600 employees in less than a half hour. I have induced them to go out on small cases just that way and be out probably a week or 10 days. I have in mind where we went out on a boy and we were out 3 weeks. That was a boy that was transferred from one job to another and given an advance on the machine of \$2 or \$3 over what he had been getting; but the party who had been on the machine previous was an expert hand at that machine and he had got \$3 or \$3 more than this young man was getting, and they claimed the price was on the machine and not on the man.

Q. What discipline do you have among your operatives in each shop? Is it by committee or have you officers in charge?—A. We have what we term a shop's organization. I only speak of what I know of, where I am employed, but every shop in the manufacturers' association is supposed to have the same thing—a shop's organization, with president, vice-president, secretary, and treasurer. We have then a grievance committee. In the factory where I work we have a grievance committee of 5. Where the branch has a grievance or the firm has anything to offer to them they present it directly to the branch or to the firm. If the firm and branch can not agree on terms, it is then referred to what we term the grievance committee. They then visit the firm and the branch that has the grievance and try to bring about an adjustment between them. If they fail to bring about a settlement between the branch and the firm, then the next step is for it to be submitted in writing by the aggrieved party to the joint board. Our shop's organization in the shop where I work meets once a year to elect officers and delegates to the Central Convention. I want to say here as to the basis of representation in the Central Convention, that we are entitled under the law of the Central Convention to a delegate for every 100 employees in the factory over 18 years of age. There is no per capita tax levied on anyone under 18. We are entitled to one delegate for every hundred or fractional part. In the factory where I work we have now 5 delegates to the Central Convention. We meet in December every year and elect all our officers for the shop and delegates to the Central Convention. The Central Convention is organized the first Saturday in January of each year, and elects a president, vice-president, secretary, and treasurer. The members of the joint board are selected from the delegates sent from the various shops.

Q. Is the foreman supreme authority in the shop, or have you any rules that govern yourselves in the shop?—A. No; we have no shop rules. We have just the ordinary preliminary—

Q. (Interrupting.) Just the grievance committee?—A. And they take care of the—

Q. (Interrupting.) Of the whole concern?—A. Yes; that is, where the branches and firm can not adjust their differences. The grievance committee has no power to settle the grievances; they only try to bring about a settlement between the branch and the manufacturer.

Q. If a shoemaker working a McKay machine or any other machine goes there for employment, to whom does he apply for employment?—A. In the factory where I am employed a good many go right to the office and a good many come in and apply to the foreman.

Q. What are the conditions of employment?—A. The conditions, so far as I know, are just as Mr. Croxton has stated. A man goes in and somebody is supposed to tell him that this is a manufacturers' association shop, working under these rules, and the rules are posted up so everybody can see them. I do not know whether they all propound these questions to them, but they did in the early part of the organization—that we were working under joint rules of the association and central convention, and everybody that comes in works under these rules.

Q. If he does not want to work under these rules he goes away?—A. That is the understanding, I believe.

Q. So the operatives themselves are the authority for the rules and regulations there even as the employers?—A. Yes.

Q. Now, is it not so that it is very much like belonging to the old unions?—A. It is; yes.

Q. It has not a case of traveling card involved, but a membership, in it?—A. A membership; yes.

Q. And you agree to belong to the union or not work in the union shop?—A. Yes; when I become an employee in one of these shops I am supposed to know that is working under the joint board and rules, and when I take the position I am supposed to be governed by those rules.

Q. You would claim this organization is simply a union, only it is not chartered from a superior organization like a national or international body?—A. It works very much the same as the Knights of Labor. When I went into Ziegler Brothers' shop, under the Knights of Labor, I had to have a card from my assembly showing I was a member of the Knights of Labor in good standing. If I had not been a member they would permit me to go to work, and I had to become a member within 2 weeks or get out.

Q. (By Mr. LITCHMAN.) In Philadelphia did D. A. 70 include the lasters?—A. Yes.

Q. Did they afterwards leave the Knights of Labor and form the Lasters' Protective Union?—A. I was a master workman of one of the assemblies and was a delegate to D. A. 70 from my assembly. I think, just previous to the going out of the Knights of Labor, or the Knights of Labor being given up here. I think the lasters were organized then, or about being organized into some organization at that time, but it never materialized—that organization did not.

Q. Well, did you know at that time that there was a Lasters' Protective Union in Lynn?—A. No; I heard there was in Lynn and through the East. I think this was organized by some one on from the East, just about the time of D. A. 70 going out.

Q. Have you ever known of a case of the discharge of a workman who presented a grievance to an employer?—A. I never have. I can say that honestly, that I have never heard of such a case. I have heard a good deal of talk about victimizing, but I never knew of a case. There are plenty of rumors, but I have gone directly to the people that others said were victimized, and they said they were not. One case was that of a man named McPeake, who stood up and said he was misled, and afterwards he was a member of our board—secretary of our board of joint arbitration. So far as taking active part, or as a member of committees, or anything of the sort, if anybody had been victimized for taking an active part in either this organization or any other labor organization, I think I would have been the one that would have been victimized, because I had been a hot-headed labor man in one-sided labor organizations, and was the chairman of a grievance committee, and, as I have said, had emptied the factories very often on very short orders; and I know that I was never victimized for doing what I thought was my duty.

Q. You believe the present system in Philadelphia, on the whole, is a comfort and a convenience to the shoe workers of Philadelphia?—A. To the masses, I do; yes. There are plenty not in sympathy with it.

Q. Do you know of any complaint against that system except on the part of the lasters?—A. Oh, yes; I have heard people outside of the lasters complaining about this system.

Q. How general has that complaint been?—A. It has been different ones in different branches. They say this is a one-sided organization, and that we are bosses' men and all hold fat jobs, and the bosses use us, and all that. But we had that under the old system. I was called the same thing by the same people in the Knights of Labor.

Q. The K. O. S. C., to which you said you belonged—was that the first organization or the reorganized?—A. That was the first in Philadelphia. That was right after what we termed the Philadelphia Union disbanded.

Q. Can you give the year?—A. I think the Knights of St. Crispin was organized in about 1809 or 1870. I think I went into it the second meeting held in Philadelphia and was in it until it went down. I was one of the first in the K. of L.

Q. (By Mr. KENNEDY.) Do you have a holiday on labor day?—A. No, we do not, in the factory where I work.

Q. You work on that day?—A. We work, yes.

Q. Your union never participates in the celebration of Labor Day?—A. No.

Q. Is it a legal holiday in Pennsylvania?—A. I think it is; I am not positive; but we have never had a holiday on labor day in the factory where I work since it has been made a holiday or used as a holiday. There has never been any request or demand in that factory for having that as a holiday by the employees.

Q. Do you join your efforts with other workmen of the State and country in the effort to secure a shorter work day—the eight-hour day?—A. No; we never have as a central convention.

Q. Do the members of your organization look forward to or hope for a shorter work day?—A. I have heard a good many. I hope to have one, and I have heard a great many say so. I think if we had 8 hours it would be better for all hands. There would be the same work for more people. That is my idea.

Q. You have never made an effort to secure a shorter work day in your union?—A. No; we never have as yet.

Q. Do your rules say the hours shall be regulated by the employers, taking the question of the hours and wages outside of the pale of arbitration in your organization?—A. The rules say that 10 hours shall constitute a day's work; and it belongs to the firm to say when we shall stop and start, but not more than 10 hours.

Q. Rule 3 says, "Each manufacturer is to regulate his or their working hours."—A. That is it.

Q. Does that mean your organization has nothing to say as to the number of hours you shall work?—A. That is right. I thought it said the hours we should work as a day's work—the time we shall start and stop.

Q. Your organization has no voice in fixing the hours?—A. No. We are working under the rules, which say the manufacturer shall do that.

A VOICE. I do not think Mr. Super grasps that question.

Q. Can you bring a question of hours of labor before this arbitration board?—A. Oh, yes; we can for anything like that. We can bring anything like that before the board and request them to give us shorter hours. There is nothing to prevent us making the request.

Q. Have you ever done that?—A. No; not as yet.

Q. Is it because of rule 3 that you have never done that?—A. I have never thought of bringing that before the board. I do not know whether any of the other members have thought of it.

Q. Do any of the members in your union aspire to a shorter work day?—A. I have heard quite a number say they would like to see the 8-hour system in vogue.

Q. Are you connected in any way with the Central Labor Union of Philadelphia, Labor League, or whatever it is called?—A. No. I do not belong to anything at all but the Central Convention and this joint board of arbitration. I do not belong to any other organization.

Q. Not to the American Federation?—A. No.

Q. Have you applied for membership in it?—A. No.

Q. Do you believe it would be a good thing for all organizations to be represented in some central labor body?—A. I believe it would be a good thing for the advancement of labor if they were in some way. There are a good many questions that come up where it would be of advantage to the laboring people.

Q. (By Mr. CLARKE.) Do you think that those who work by the piece would like a shorter work day? A. Yes; I have heard quite a number of the pieceworkers express themselves on that; I think more of the pieceworkers than I have of the week workers. Of course in the factory where I work the most of the workers are pieceworkers. We have some week workers in some departments, and in one department they are pretty nearly all week workers—the stock room; but the bulk of the people that I have heard talk in that way are pieceworkers.

Q. The effect would be to reduce their earnings, would it not?—A. Yes; it would.

Q. Then you think they feel they are overworked?—A. I have heard them argue this way. They would be satisfied to have shorter hours and employ the surplus help that is walking around.

Q. Then it is a matter of benevolence on their part?—A. To some extent I think it is. That is the way I have always thought of it.

Q. Do you think of any further statement of your own that you would like to make?—A. I do not. I think I have covered pretty near all there is, only there

is one thing that I was going to say in answer to the question about the bosses dictating. Some people make that statement. I have seen it in the public papers that the bosses dictated to the members of the joint board and that no one can go on the joint board only those selected by the bosses, but I want to deny that emphatically as far as I know. I do not know of a boss that has dictated to any man that I know of personally. I know that I was never dictated to, and I have seen it stated in the papers that I was. I have seen it published in the paper that Mr. Harry J. Skeffington made the statement to the Commissioner of the Labor Bureau at Washington at one time that I was a boss' man and had a good job. (Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. ROBERT E. MORRELL,

Workman in shoe factory, Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. Robert E. Morrell appeared as a witness at 9.37 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) What is your occupation?—A. At the present time I am foreman of the turn department, Ziegler Brothers, Philadelphia.

Q. Did you work in the shop with Mr. Simpson, who committed suicide?—

A. Yes, I worked there, but I was not foreman at that time. I was a laster at the bench while he was second laster.

Q. Were you well acquainted with him and did you work near him?—A. Yes; very well acquainted with Nick.

Q. Did you ever hear any complaints from him?—A. Not in particular, no; just the same as the rest. Every day we were laughing and joking and things like that. In fact, at that time all made fair wages; and as far as saying anything about committing suicide, I never heard of such a thing. He was really the last man on earth I thought would do such a thing.

Q. Was he hounded by the foreman or in any way oppressed by anyone?—A. I guess he was not hounded more than anyone else, if he did his work right.

Q. Did you know of any instance of his being unfairly treated in any way by the foreman?—A. Not in particular, no.

Q. You would have known if it had occurred?—A. I certainly would have known it. I worked right in that department.

Q. (By Mr. LITCHMAN.) In the list of wages presented as having been earned by Mr. Simpson, how much of that went to the jacker?—A. I can give it to you nearly. On \$32 the jacker made \$11 or \$11.50 out of that. They get, I think, 33 cents for first class, and I think it is 28½ cents for second class. At one time I could tell just to the correct figures on that, because I was in a position where the last of the team counted the second laster's wages and the operator's wages and the jacker's wages. I did that for quite a number of years, but in the last three years it has slipped my memory. Of course I am not lasting at the bench any more.

Q. In the instance cited by you, what proportion does that bear to the total amount earned?—A. I expect the jacker would get about \$11.50 out of the \$32.

Q. About one-third?—A. Yes.

Q. What is the price for the second laster?—A. The best price on grade A—the second laster gets 9 cents.

Q. On the same grade what does the jacker get?—A. He gets 33 cents a dozen.

Q. One gets 9 cents a pair, and the other 33 cents a dozen?—A. Yes; that is grade A work.

Q. It would be the same proportion on the other grade?—A. That is right.

Q. Were you a member of the late organization of the Knights of Labor?—A. I was; I belonged to 1428.

Q. Were you a member of D. A. 70 at the time alluded to?—A. No.

Q. How long have you worked in Philadelphia?—A. I never worked anywhere else. I have been working here for 25 years the second day of next April, for Ziegler Brothers.

Q. How long ago was it you were a member of the Knights of Labor?—A. I could not tell you exactly; I was there until it busted up.

Q. Were you in D. A. 70?—A. Never outside of 1428.

Q. Was not that attached to D. A. 70?—A. I do not know.

Q. Have you any complaint to make about the present method of settling disputes between employer and employee?—A. No; I am well satisfied, very well satisfied. When I worked at the bench I always made it a point when we had a grievance to be appointed on that committee to go down to the firm to represent the lasters' branch, and I generally did the talking for our department. I always wanted to go down myself. Nobody wanted to go down; there was a general feeling amongst the shoemakers that they were willing to have somebody else go down but not themselves. I always, for my part, wanted to go down for the turn department to represent the lasters, and I also wanted 2 men to go down to represent the second lasters, and I always got satisfied that way.

Q. Why was there an indisposition to go down to represent the men?—A. Nothing particular, only just as I say, simply did not want to go down. I felt that way—I liked to go down, because I wanted to hear and see what was going on, and all the money I could get out of it I was going to do it.

Q. Do you know of anybody ever being victimized by serving on one of those shop committees?—A. No; I do not know of one.

Q. Did you belong to the Lasters' Protective Union that was in operation here?—A. No; never belonged to anything outside of 1428.

Q. You didn't belong to that very much?—A. No.

Q. (By Mr. CLARKE.) Do you think of any further statement you would like to make yourself, Mr. Morrell?—A. No.

(Testimony closed.)

PHILADELPHIA, Pa., December 21, 1900.

TESTIMONY OF MR. JOHN MUNDELL,

Shoe manufacturer, Philadelphia.

The special subcommission met at the Manufacturers' Club at 10.05 a. m., Mr. Clarke presiding. At 9.46 p. m., Mr. John Mundell, shoe manufacturer, Thirteenth and Cherry streets, Philadelphia, Pa., appeared as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. John Mundell, Thirteenth and Cherry streets, Philadelphia.

Q. What is your occupation?—A. Shoe manufacturer.

Q. How long have you been engaged in business in Philadelphia?—A. That business has been established since 1848, by my father. I succeeded at his death in 1894.

Q. Do you belong to the Shoe Manufacturers' Association?—A. Yes.

Q. Please go on, Mr. Mundell, and make any statement concerning your relations to the industry and labor employed that you may wish to.—A. I can't say anything but in praise of the organization. Anything that has kept my employees for the last 13 or 14 years without a contest on their part or without any contest on our part has been beneficial to both parties. They have enabled us to keep at work and make our contracts, and they have lived up to every one of them. We, on the other hand, have been able to fulfill all our contracts. In all of that time, outside of the time of the death of my father, and another member of the family, my brother, I do not think we were shut down more than a week's time in any one year in the past 13 years, until this late unpleasantness, which occurred here some 6 weeks ago, and then we were shut down for 8 weeks, and that is more time than they have lost, or we have lost, in the past number of years. I employed, on December 12, 67 lasters; they made a total wage of \$615.70; their average wage was \$9.19. The highest man made \$20.20, and the lowest amount made was \$4.10. Now that man at \$4.10 was an old man that has worked for my father. He says he is an old shoemaker and can't quit; he has got to come. And he comes in and attempts to do what work he can. On December 5, I employed 66 lasters; November 28, 71 lasters; November 21, 65 lasters; November 14, 68 lasters, etc.; and that has varied from the lowest number of 56 up to 71. In all of that time every man, swift and slow, made an average of \$10.04. In the week of October 17, one man made \$23.95. That was the highest, I see on this list, that was made in any 1 week by any one of the 71 lasters.

I might say for Mr. Goodwin that he is about one of the quickest lasters I have, and I think he makes from \$15 to \$20 a week.

Q. (By Mr. LITCHMAN.) Is his work satisfactory as a laster?—A. Yes; first rate.

Q. It is only fair to Mr. Goodwin to say that he spoke of you in the kindest terms.—A. Mr. Goodwin and I are the very best of friends, and I was dumfounded when I heard he appeared here.

Q. There is not any fear of Mr. Goodwin losing his position?—A. Not a particle. He is a good man; a good laster; he has a mind of his own. I was really surprised when I heard he was here.

Q. Are the wages by the piece?—A. All by the piece.

Q. So that whether a man earns \$4 or \$22 a week he is paid the same?—A. The same price.

Q. It is a question either of speed on the part of workmen, or the amount of work that comes to him in the regular order of the day?—A. That man there that made \$4.10 would have got just as much work if he could have done it. He would have got his share of that if he had been able to do it. This other man would have had \$20.20 if this slow man had done more work, although there would have to have been more work there. There would not have been quite so many lasts on. That would have been done that way. That man's showing—it is his ability that cuts him down to this small amount, because alongside of him is that same man who is able to do \$20 worth of work. I might say that the only contest that ever came before the joint board of arbitration from my factory—I recite this for the simple reason that I do not want this commission to believe that there is any way that we are in league with our employees, or anything of that kind. If we had a cause that we considered was a just cause we would come before the joint board of arbitration for settlement. Now, some years ago there came a question of wages between the price per piece between cutters in my factory and myself. I believed that the shoes should be cut for 3½ cents, and the men contended that I should pay 4 cents, although they had got at the rate, week work, at about what stood me nearly 5 cents. But in order to get them down to a basis of piecework, I said I will pay 3½ cents. You want 4 cents. I will pay 3½ cents, and after you have worked at this work for a period of weeks we will take our case to the joint board of arbitration for settlement. They insisted on a 4-cent basis, and I insisted on a 3½-cent basis. We came before the joint board of arbitration and I took 15 men that were working on that branch of work, all working on the same kind of work, that is, cutting the Government uppers, and at 3½ cents those men made an average wage of about \$17 a week. Some of them went up to \$22 and \$23; but the average of the 16 men—I suppose I had there—will show that they averaged \$17 a week. It became a question before the joint board to decide, the men on the labor side, the men on the manufacturers' side, and they decided against my men—that they were to accept 3½ cents, as the wages were sufficient, or the piece price was about as good as I could afford to pay.

Q. How much had you paid them by the week?—A. From \$12 up to \$15, but the prices on piecework, I think, were right for them to make more money than week work. It was a \$12 basis, I think, I worked on. I raised the sum to \$13, and slow men \$12, and little quicker men \$13, and still little better men to \$15; and so they went from \$15 a week up to \$22 a week at my price of 3½ cents. I brought that case before the joint board of arbitration, and it was decided in my favor.

Q. Will you explain the difficulty that you had recently that closed your factory for 3 weeks?—A. Well, they did the same thing with me that they did with all other manufacturers—came down on Saturday at noon and demanded an increase of wages.

Q. Who?—A. The lasters, and it had to be signed right then and there. There was no chance to bring this case before the joint board of arbitration. They would not recognize it; would not have anything at all to do with it, and they immediately went out.

Q. What was the final result of that?—A. They finally returned at the old bill of wages, and to take the new bill of wages that I had agreed with them should take effect the 1st day of December. That is the regular wage time. I could have sent upstairs after them. It was my intention to bring them downstairs and give them a slight difference for the month of August, which I would have had a perfect right to do, but when they came at me with this bill of wages from the Lasters' Protective Union, then, of course, I could not recognize it. I told them, If you want to put this case in the joint board of arbitration, and they decide against me, I will let you have this bill of wages now.

Q. Do you care to say anything in relation to the Government contract?—A. No; I have not got a word to say. I made about a half a million pairs, I guess. I made about as many as I want to make.

Q. (By Mr. FARQUHAR.) Are lasters all paid by the piece over the city?—A. Well, I will answer that in this way. We make children's shoes, and we make

them in 72-pair cases for jobbers, and our prices would be lower than the prices of men like Mr. Croxton here who manufactures for retail or department stores. I sell to Selz, Schwab & Co., and other large concerns in the West. I would sell a bill of 50,000 pairs of children's shoes, and, of course, those shoes, coming down in case lots, and not small lots, consequently my prices must be smaller than the manufacturer who is only cutting 6, 8, 10, 12, or 24 pairs at a time for his men.

Q. Is there much difference in the earning capacity of the lasters, whether on Government work, or general work?—A. Very little. In army work, because it is so much of the same thing, there is little variation, and I think it is for the benefit of the man, for he becomes active and can get around the work quicker; but in children's work, why, 2 cases of shoes, perhaps, may not run alike, may vary in the uppers; but in the army work where the toe is plain and there is no tip, it is rather quick work for them; they become very apt. And I never tried to cut the price down on lasting, because that is the uniform price around town, both here and in Vineland, and has been established that way for some time.

Q. (By Mr. KENNEDY.) Do you know anything about the subletting of these Government contracts by those who first take them from the Government?—A. Well, there has been a good deal of that done through Gimbel Brothers here in town, Wanamaker, and others, and from the fact, I think, that sometimes the manufacturers would not be able to handle a contract of the magnitude such as the Government would require, and the money would have to be furnished in the regular routine, as it were, to get those goods and buy them for the least amount of money; and these large department stores advanced the money as they went along, and that has been a source of help to the manufacturer who has not had the capital to swing a large business of that kind. I remember I was very grateful myself to have somebody swing a contract for me, for the reason that my father died a few years ago and I had a very limited capital.

Q. Did your workmen who went out on a strike return en masse after the strike was over?—A. Yes; nobody victimized—nobody kept out—everybody in.

Q. Do you understand that you are under obligations to the manufacturers' association to discharge any of your employees in case they become obnoxious to any members of the organization and the organization desires them discharged?—A. I do not know of any law ever existing in any factory relative to that matter. If one of my men should go down and hit John Croxton on the head with a club, I think I would fire him out. I think that is about the only time I would victimize him.

Q. (By Mr. FARQUHAR.) In the Government work given out about what proportion do you think the Philadelphia manufacturers got—that is, of the whole supply given out by the Quartermaster-General?—A. Well, I think we got about one-fourth. There has been a fourth given to Chicago, to Tilt, and up in Milwaukee, and there has been a tremendous large contract given up in Maine, to Munroe, Packard & Linscott. The balance—that is, one-fourth here, one-fourth to the West, and one-fourth up there. I think theirs is a much larger concern—Munroe, Packard & Linscott—and consequently they were awarded a very large contract.

Q. I asked this for this reason, that the impression might have gotten out from part of the testimony that the whole of the work was put into Philadelphia or into the great department stores.—A. Not unless you were absolutely the lowest bidder. The Quartermaster-General would divide a contract after taking into consideration the amount of orders a man has had; and his price not varying but a very few cents above another man, he has kept that factory moving.

Q. (By Mr. LITCHMAN.) Is your contract a subcontract under a man who made the original contract with the Government?—A. Not at the present time.

Q. Have you had such contracts?—A. I have had lots of them. I have had contracts in my own name. The contract I am filling now is 60,000 pairs, with a 20 per cent increase. I have another contract of 30,000 pairs, with a 50 per cent increase. While I was not the lowest bidder at the last time, I was within seventy-five one-hundredths or eighty one-hundredths of the lowest bidder; but in place of awarding the latter contract to the man, they gave me a certain percentage of it.

Q. In that case you were a direct bidder to the Government?—A. Yes.

Q. You have had contracts, however, where you were a subcontractor?—A. I have made them for Gimbel, and have made them for Wanamaker.

Q. Now, this question you can answer or not: Would you care to give the margin below the original contract that you took your contract for?—A. I hardly think that would be fair. That might be all right at some other time and place to tell you, but this may become a public matter. I am very thankful to those who took care of me, and I do not know what compensation I gave them.

(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. GEORGE P. SCHÖBER,*Shoe manufacturer, Philadelphia.*

The special subcommittee met at the Manufacturers' Club, pursuant to recess, at 7.45 p. m., Mr. Clarke presiding. At 10.17 p. m. Mr. George P. Schöber, of Philadelphia, a shoe manufacturer, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. George P. Schöber, Nineteenth and Buttonwood streets, Philadelphia.

Q. Occupation?—A. Shoe manufacturer—Laird, Schöber & Co.

Q. How long have you been in the business in Philadelphia?—A. I have been in it since 1872. The firm started in 1869.

Q. Where do you market your goods?—A. All over the world.

Q. How long have you been exporting?—A. I think since about 1884.

Q. Please give us some account of your business.—A. We started in 1874 to send goods to Honolulu, Sandwich Islands—that was the first; and in 1878 I went to Cuba and through the West Indies and Mexico and worked up quite a trade through those countries—mostly in Cuba—which we held until the rebellion; and since that we have only sent about \$9,000 there. And the word I get from there is that the Spaniards, who did the business, have left the country and there is no capital there of any account, and that the American capital will not go in until the government is settled. After that we can get our trade back. But there is no market for fine shoes, and everything is the cheapest kind of stuff. We make nothing but high-priced goods. Our average output, including infants' shoes at \$9, is thirty-four dollars and some cents a dozen.

Q. Do you make special patterns for those countries?—A. For Cuba we do, but the other countries take the same styles we use here pretty much.

Q. Do you pack them somewhat differently from what you do here?—A. We pack them the same as we do in this country. We have to pack them in cases, and sometimes we have to line them in cases so they will not get wet or damp on long sea voyages like to Australia. But we have made it a point in starting; a foreign trade in any country that we can get for one of the firm to go first and make the first connections, and then establish an agency. My junior resides in London, and has resided there for four years, and he works France and England; and he gets trade from Hongkong and South Africa through the London office.

Q. (By Mr. FARQUHAR.) Out of your whole production how much is your export?—A. I think about 20 per cent now.

Q. (By Mr. CLARKE.) How do you find the profits on foreign trade?—A. About the same as here. The duty on hides handicaps us a little bit.

Q. You get a drawback, I suppose?—A. We get a drawback on all imported stock that goes into the goods that we ship, but we do not use imported sole leather here—that is, imported hides. The sole leather that we use is made out of the hides here, and the foreign manufacturer can buy sole leather in this country 5 per cent cheaper than we can buy it.

Q. Is that on account of the duty on it?—A. It is on account of the duty on hides and the rebates; and the funny part of it is that the tanner does not get it, neither does the man that raises the cattle, because the Englishman or the Frenchman that buys the sole leather knows that the tanner gets that rebate on the foreign hide and he insists on having it. There is no benefit to anybody except the packer.

Q. (By Mr. LITCHMAN.) Would you wish to have the tariff taken off of manufactured shoes?—A. Would not care anything about it.

Q. In order to get the tariff taken off the hides?—A. Do not care anything about it. Not afraid with the tariff or without it. There are no foreign shoes that could come here anyhow.

Q. Could the English shoe manufacturer, without the 25 per cent tariff on shoes, send shoes to the United States?—A. He may send them here, but nobody would wear them.

Q. Making them the same way and with the same machinery?—A. No; the Englishman can not make them with the same machinery. I will give you an illustration to illustrate the adaptability of American shoe machinery. I have a friend in Barcelona who came to buy a full set of Goodyear machinery to make shoes; and after he had been over there a year I saw him, and I said, "How are you making out with your machinery?" "Oh," he said, "we can not use it." I said, "Why?" He said, "Well, they can make shoes by hand as quick as they

can by machines. You know our workmen have not the intelligence that your workmen have." And another thing: In England it is impossible for a manufacturer to do more than a certain amount of work on the machines on account of the trade unions. They have killed that, and I hope they keep on killing it, because it is better for us.

Q. (By Mr. CLARKE.) Has any of this machinery been introduced into Japan?—A. I do not know that it has. I should not wonder, though. The Japanese are pretty active, and there is one thing I will say about the Japanese, and that is, when they get the machinery and get our ways, they will want our money; they will want just as much as we do, and so will all these countries. I do not think this country has anything to fear from foreign competition on shoes or leather.

Q. Do you think that the 25 per cent duty on shoes does any harm to the industry in this country?—A. I do not think it does any harm or does any good, because there are no shoes imported that I know of. We go right into Paris and sell shoes with a tariff of 25 per cent against us.

Q. That is the French tariff?—A. With the French tariff, and we will make the prices.

Q. You pay the duty, then, practically?—A. We pay the duty, and we add the duty to the price, and we get just as much profit, and we get a profit on the duty because it is part of the cost of the shoe. They figure about the price of the shoe in French money, what it will cost landed, and then they know what they are doing, and we land it.

Q. Are shoes made in France of the same styles and patterns that you make?—A. Pretty much; but a French shoe will not wear. A French shoe is pretty to look at, but there is no wear in it. But the American shoe combines the grace and beauty of the French shoe with the stability of an English shoe, without the clumsiness which that has.

Q. And you think that there is a superiority of your product, especially in wearing qualities?—A. (Interrupting.) And good looks.

Q. And looks, which enables you to get the foreign market?—A. Nothing else; because the American woman and the American girl will not wear anything else; she is pretty and nice, and she wants good shoes, and they imitate her there, and they all want to have them like she has. That is it as much as anything.

Q. You export to London?—A. All through England; London and every city pretty much.

Q. Do you find a good market?—A. It is hard work to break the prejudice, but by constant hammering we can bring it.

Q. Is that a prejudice against the styles or against American goods?—A. Against American goods.

Q. Do you have to make any different styles or patterns for England?—A. No; just about the same as here.

Q. Is it not a fact that heavier shoes are worn there than here, as a rule?—A. Yes; they like a heavier shoe than we do, and do not use as many turned shoes as we do here. Now, here the ladies wear a turned boot on the street, but they do not do it.

Q. (By Mr. FARQUHAR.) Are the fashions pretty much like in this country, in shape, etc.?—A. Yes; they are a little behind us in style.

Q. Behind the American?—A. Yes; about 6 months.

Q. Are the French behind with the style?—A. Behind some. We lead the styles in shoes. We make our own lasts and our own patterns and all our own styles, for which we got a medal from the Franklin Institute.

Q. (By Mr. CLARKE.) Do you employ designers as they do in some trades?—A. Yes; pattern cutters and last makers, and people to get up the lasts and get up the styles.

Q. They devote their entire time to the preparation of new styles?—A. Yes; one of our firm does nothing else much.

Q. Where the style changes from pointed toes to square toes, and vice versa?—A. (Interrupting.) Yes.

Q. That is the result of the studies of your designers, is it?—A. Yes; it is a gradual evolution usually. In order to make trade, we change the styles.

Q. (By Mr. LITCHMAN.) You cover all branches of shoe manufacturing?—A. Except men's. Everything but men's. We do not make any men's shoes, not even our own.

Q. You make children's, misses', and women's?—A. Yes.

Q. (By Mr. CLARKE.) How do the sizes that you send abroad compare with the prevailing sizes that you sell here?—A. They are just the same as far as length goes, but they buy more of the wider widths. They have not as narrow feet as we have. Those people do not use as many A's, and AA's, and AAA's as we have here.

Q. Is that the case in France?—A. Yes; it is the case in all foreign countries.

Q. (By Mr. LITCHMAN.) Any difference in heel in the French trade—higher heels?—A. No; because we sell some very high heels here. Some would surprise you; they look like stilts.

Q. (By Mr. CLARKE.) Do you sell any shoes in Chicago?—A. Yes; plenty of them.

Q. How do those sizes compare?—A. Just the same as Philadelphia exactly, and New York. (Laughter.) There is no difference in the cities of the United States in the shape of the feet, but if you go into southern Indiana and southern Ohio, or through the South, you will find a slight difference, but not much. It is mostly in the head—the difference in a woman's foot. You must fit her head. Most of the women think they have the highest instep in the world and the narrowest heel, when they have not at all.

Q. Do you manufacture from the glazed kid that is produced in this city?—A. Yes; mostly. Eight-tenths of all the glazed kid that is made is made around Philadelphia.

Q. Do you consider that superior to the kind that was formerly imported from France?—A. We used to use nothing but French kid and a little Brush kid. But of late years we have a couple of dozen of French kid in the factory there, as sometimes we have somebody that wants a French kid shoe, maybe, and we have it for that purpose. We used to buy \$100,000 worth of kid; we do not any more. The only imports we use are calfskin and patent leather.

Q. Do you consider that the American kid is superior in finish and durability?—A. Yes; I do not think there is much question about it.

Q. Where do you get your sole leather?—A. From Baltimore mostly, of Ford & Co.

Q. Is it bought from the leather trust?—A. No; he is not in the trust. We buy some from the leather trust, too, when the price is right. We do not care whom we buy from as long as we get it at the right price.

Q. Do you buy from the manufacturers or dealers?—A. Manufacturers—tanners.

Q. Is the sole leather that enters into most of your shoes made from American hides or from imported hides?—A. American hides.

Q. Is it hemlock tanned or oak tanned?—A. Oak.

Q. Can you think of any changes in the laws that you would recommend for improvement in the shoe business?—A. I can not think of anything. I would like to see arbitration more universal, provided it can be done fairly.

Q. How does the general prosperity of your business compare at the present time with that of 1870 to 1893 and 1897?—A. In July, 1893, we thought somebody had come along with a knife and cut our business off. Our business was elegant up to that time. In July, 1893, it all stopped pretty much, and from 1893 on it gradually improved, until 1899. That was the best year we ever had. Last year was not quite as good. The business fell off during the Presidential election, and on account of the hot weather, I expect. We had a bad season.

Q. Is it not a fact, then, that when the American people are generally employed and at good wages your business is better than it is when a large number of them are out of employment part of the time and their wages reduced?—A. If you could see our books for 1893 I think it would prove it. There were a great many people out of work that year.

Q. You do not think your industry depends upon the tariff upon imported shoes, but that some other industries do depend upon the tariff, and you consider that the general prosperity of the country is an important factor to be taken into account in your own business?—A. Without a doubt. If I were selfish, I would say I wanted free trade in all the materials we use and a big protection for myself, but I think the trade of the whole country is bound up together. You can not affect one unless you affect all.

Q. But you do not see that this tariff is in any respect an obstacle to your export trade?—A. Not a bit.

Q. And that the more prosperous you are at home you think the better able you are to go abroad and do business?—A. Certainly; although I would say if it had not been for dull times we never would have looked for foreign trade, I do not think, very much.

Q. Because you would have had so much to do at home?—A. That is correct, yes; we would sooner do the home trade than the foreign trade; it is easier done.

Q. (By Mr. FARQUHAR.) The output of your factory is of the fine class of ladies' work?—A. Yes.

Q. And are the wages relatively higher in your shop than they are in Philadelphia shops generally?—A. The last report I made to the State, the average of

our men—that is, taking the boys at \$3 a week, and all of them—was a little over \$15 a week.

Q. The average of the whole works?—A. That is a fact. I include the people that work in the factory work. And the girls were \$6.40; but that includes all one department, where there are about 30 girls that get from \$3 to \$4, that clean up shoes and that kind of work.

Q. Do you know of any factory in the United States that can show an average of that kind?—A. I do not. Our total pay roll for that year was \$310,000.

Q. (By Mr. LITCHMAN.) What year was that?—A. That was 1899.

Q. Do you think of any further statement?—A. I can not think of anything else. (Testimony closed.)

At 10.54 p. m., December 21, 1900. Mr. George P. Schober was recalled and made the following statement:

Mr. SCHOBER. There is one point I would like to make, and that is the little expense attached to this organization in our factory. There were two assessments made of 10 cents each.

Q. (By Mr. LITCHMAN.) That is 10 cents on each person?—A. Ten cents on each person over 18.

(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. JOHN A. WILKINS,

Shoe finisher, Philadelphia.

The special subcommission met at the Manufacturers' Club, pursuant to recess, at 7.45 p. m. At 10.45 p. m. Mr. John A. Wilkins, of Philadelphia, a shoe finisher, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. John A. Wilkins; 110 Fitzwater street, Philadelphia.

Q. Occupation?—A. Finisher in the shoe business—shoe factory.

Q. How long have you been engaged in that in Philadelphia?—A. I have been a finisher since 1885.

Q. What is the class of work that is called finishing?—A. That is in the bottoming department, from the finishing and scouring of the heel to taking the shoe off the last, setting the edges, burnishing and making the heels, making all bottoms, and buffing them.

Q. Doing panel work?—A. That is finishing—all comes under the head of finishing.

Q. Do you work under the rules that have been submitted?—A. Yes.

Q. We shall be pleased to hear any statement that you have to make concerning your business.—A. I will state that in this present difficulty—of course I have been out of the shoe business during it; I have been out of the shoe business for a year, and I have just returned to it. This difficulty occurred while I was out of the business, but I have taken a prominent part in the Central Convention ever since it was organized. I was sent by the shop that I worked in, 6 months after the organization of the Central Convention; in the following January I was sent by the convention to the joint board. I believe that I was a member of the joint board of arbitration for 10 years, and I have been president of the Central Convention for 4 years, and I can not think of one case that we ever had before the joint board of arbitration that was not settled fair and square to the benefit of the parties aggrieved. I have seen cases come before the board where men had ideas that they had a grievance, but when we would hear the evidence on both sides the men were satisfied themselves that they had no case. There has been one name mentioned here to-night that everybody seems to have mentioned—Mr. Goodwin. I had some experience with Mr. Goodwin while I was vice-chairman of the executive board of the joint board of arbitration. Mr. Goodwin and 2 other men went on strike in one of our factories and came down and notified me that they were out. I told them that by throwing up their jobs and going on strike the joint board of arbitration could not treat with them; that is, they were no longer connected with the association by leaving their jobs. But I always tried to fix things up. I went and saw one of the firm, and it was agreed if those men would return to work and enter the employ they would then consider a bill of wages with them. Mr. Goodwin agreed with me on a Saturday afternoon, in

the meeting room of the Central Convention, to meet me and go and see a member of the firm, who was Mr. Smaltz, and they would return to work on those conditions; that they would go back to work and then they would consider the bill of wages. When I brought Mr. Goodwin there on Monday morning and told Mr. Smaltz what I had accomplished, Mr. Goodwin politely turned around and said: "No, you must recognize us as strikers and discharge those other men that you have upstairs." That was just contrary to what he had agreed to do on Saturday. He agreed to return to work and then they would consider prices.

I have never known any case before the joint board where anybody has been victimized. I think if anyone would be victimized I ran a pretty good chance of it, for, when the man I worked for had a case before the board of the cutters, I made some suggestions that were not altogether in favor of the man I was working for; and I think if there was any such thing as victimizing people, I might have come pretty near getting it. But there was never any ill feeling or anything. I was considered somewhat radical, I believe, as a member of the board, but I can not say that there was one manufacturer that ever treated me mean—always glad to meet me, and our associations have been very friendly.

Q. Does it seem to you an advantage to the shoe operatives to have steady work and a system that promotes peace and enables all to make calculations ahead?—A. I think that it is. From our present association the employees, I think, are better off. Under the old system, which I belonged to also—the Knights of Labor—I have been on a strike three times in 1 week. When a manufacturer would get out his samples and start up his season, he would put those samples on the road at a certain price, and just as soon as things got working and he got his store well stocked with work, then a grievance would arise and they would go out. The time I speak of being out three times in 1 week we were out for 9 days.

Since then, under this present system, there are no strikes. We have had a couple—we have had three, I believe—but everything seems to go smooth in the factory. There is as much freedom now in the shoe factories as there was under the Knights of Labor. In fact, there is more freedom in shoe factories than there is in other trades, I believe. There seems to be more of the family affair. The manufacturer and the employees are closer; they mingle with one another; they give excursions to Atlantic City, and all hands go down, manufacturers as well as employees. The manufacturers even send their employees down.

Q. Is there a feeling of security and steadiness and contentment among the employees?—A. There is with some and with others there is not. Of course there are malcontents in all associations. We have them in our association. We have people that imagine that they are not getting proper treatment. But I have also noticed that people that have been radical and have had those ideas and have gone to the central convention very soon changed and have become good men in the central convention and the joint board of arbitration after becoming acquainted with the rules, which, I must say, a good many of them do not study.

Q. Are the discontented people in the minority or the majority?—A. That would be hard for me to say, because, as Mr. Schober said to-night, we get the name of being the bosses' men. Even if they did not mean it, they might give us a slur once in a while. That would be very hard for me to judge. I think there is one thing: When you come to talk to them, talking to them conscientiously, why they almost admit that the present system is better than the old. They will tell you that. They have had the Cutters' Association, as Mr. Croxton said. We have never had any trouble with it. We have had the lasters, and they have given us trouble on three different occasions, but this is about the first time it has come as an organization. Before it was individuals; this time it has come as an organization, I believe.

Q. (By Mr. LITCHMAN.) Do I understand that you personally take the shoes from the cleaning-up machine?—A. No; that is making ready for heels after the shoe—the heel is trimmed and the edge trimmed.

Q. Then you take it and finish it?—A. Yes; but there is a great deal of branch system in regard to that.

Q. You are in the nature of a subcontractor, having men working under you?—A. No; I work directly, have the trimming only, receive money for my own labor. I have worked at all branches of the finishing—making the bottoms, burnishing the heel, scouring the heel, making the shanks. I have worked at all those branches; but I get my money, in fact, and only my money.

Q. What particular division of the finishing do you personally do?—A. Bottoms; that is, burnishing the bottom, the black bottom and the black shank.

Q. Is that now known as paneling?—A. No paneling. That is the especial shank. That is where you cut galloon, have a galloon on each side of the shank, and then the paneling, red or something similar—cream shank.

Q. But in that finishing as referred to by you there may be 4 subdivisions?—A. It is in branches; but you know in some places there is single finishing; that is, on a given shoe—single finishing that takes the shoe, fits the heel, and finishes it right up.

Q. But on work for the jobbing trade it is further subdivided?—A. Oh, there will be 4 or 5 branches in that.

(Testimony closed.)

PHILADELPHIA, PA., December 21, 1900.

TESTIMONY OF MR. HOWARD L. TOWNSEND,

Secretary executive board, Shoe Manufacturers' Association of Philadelphia.

The subcommission being in session at the Manufacturers' Club, Philadelphia, Mr. Clarke presiding, Mr. Howard L. Townsend appeared as a witness at 10.53 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and address.—A. Howard L. Townsend, 4912 Walton avenue, Philadelphia.

Q. Are you secretary of the executive board of the Shoe Manufacturers' Association?—A. Not at the present time. I have been ever since its organization up to, I believe, 2 months ago, and at that time, not being engaged in active manufacturing, under the rules I became ineligible. I was secretary of the association, however, at the time of the issuance of this notice, September 18, 1900 [producing paper].

Q. What is this notice?—A. This is a notice given out for general information, in answer to a question that had been raised by different ones in discussing the work of the Joint Board of Arbitration as to the number of cases that have been presented and as to how they had been settled, whether favorable to the employee or manufacturer, and what disposition had been made of them.

Q. You put this in as a part of your evidence?—A. Yes.

(The paper above referred to follows:)

NOTICE.

Chronological record of the Joint Board of Arbitration of the Shoe Manufacturers' Ass'n and Central Convention of Shoe Workers from January 4th, 1888, to Sept. 4th, 1900, inclusive.

Cases presented to the board for adjustment	69
Settled favoring the employee	38
" " " employer	3
Rejected under the rules	6
Withdrawn and settled by employer and employee	22

By order of the executive board of the Shoe Manufacturers' Association:

HOWARD L. TOWNSEND, *Secretary.*

PHILADELPHIA, Sept. 18, 1900.

Q. (By Mr. FARQUHAR.) Is this information given all the time in this form?—A. No; at any time it is wished it is given.

Q. It is open?—A. The minute book is open, and I might answer that Mr. Carroll D. Wright sent a man from Washington and he spent, I believe, nearly 3 weeks taking up our minute book and running down each case and making a special report on it, about 3 or 4 years ago. It is open to anyone.

Q. Are you sure that is the name of the person?—A. I am not quite sure. I think that was his name.

Now, there is one other question: You inquired of 2 or 3 other witnesses relative to the average wages earned in Philadelphia. I made it a point to inquire as to that of one manufacturer that makes a line of case goods and employs lasters possibly as steadily as any factory in the city, making the cheapest line of goods but in cases, and he told me that, taking his slow lasters and what he calls his fast lasters, his slow lasters will earn from \$7 to \$10 while his better grade of lasters will earn from \$12 to \$18, according to the capacity of the men. Possibly an illustration of the capabilities to earn, or the wages paid, would be a circumstance that occurred in our Shoe Manufacturers' Association some 2 or 3 years

ago. The question came up as to the price that one manufacturer was paying a heel shaper; that he was paying \$20 or \$22 a week. Another manufacturer that had been paying \$15 or \$16 took him to task and said he was paying entirely too much. "Well," he said, "how much does your heel shaping cost you?" "Well, about 14 cents, and the average capacity is from seven to nine hundred a day." "Well, my man can do 2,000 a day, and mine stands me about 1.1 cents per pair." So it is very difficult, indeed, unless you take into consideration the skill of the operative, to know what the average earning capacity is.

(Testimony closed.)

PHILADELPHIA, PA., December 22, 1900.

TESTIMONY OF MR. CHARLES J. HARRAH,

President of the Midvale Steel Company, Philadelphia.

The special subcommission met at 2 o'clock p. m., pursuant to recess, at the Manufacturers' Club, Mr. Clarke presiding. At that time Mr. Charles J. Harrah, of Philadelphia, president of the Midvale Steel Company, was introduced as a witness and, being duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Will you please give your name and post-office address?—A. Charles J. Harrah, Philadelphia.

Q. What is your occupation and official relation to it?—A. I am an engineer by profession, and I am president of the Midvale Steel Company.

Q. The commission will be pleased to hear you make a statement in your own way concerning the business of your company and the steel industry in general, if you please.—A. In your topical plan of inquiry there are several questions which affect and are germane to the evidence that I would give. Although they may not seem to be of very great importance to you, they are to us.

In regard to the question of labor, we have found that trade unions and labor organizations of all kinds are decidedly beneficial to the employer. The natural trend of an employer is to protect his interests regardless of the interests of others. For several years of my life I lived in a slave country, in Brazil, and I found there what was afterwards confirmed by my experience in this country, that it is a most unfortunate thing when a man has unlimited power. There is no doubt that the power of the masters, the steel masters, is most beneficially curtailed by the influence of the trade unions; so that we never have any objection at Midvale to a man belonging to any labor organization that he pleases, so long as he conforms to the rules and regulations of the establishment. We make it a rule never to interfere with the religion or the politics or the economics of any of our men, but we insist upon it in the same manner that they respect the rules that are laid out for the government of the works and to which all of us are subject. I have never had any experience in strikes, so that I can not give any evidence on that point.

Q. (By Mr. KENNEDY.) Do you find it an advantage to have unions in your employ in this respect, that you may know how to compete on a level with everybody else in the same business?—A. Well, no; because all labor at Midvale is paid by piecework. When I say all labor, I suppose, possibly, 20 per cent of our labor are paid by day rate, but the bulk of the labor is paid by piecework. There are only 2 shops, I think, at the works where the rule does not prevail that the men are paid by piecework. The men prefer piecework to day labor or to a scale, because we do not change the rates. When we make a rate with the men it is understood—and it has always been honorably lived up to—that the rates shall prevail for a given space, a year or 18 months or 2 years, and the men have always lived up to the rule, and we have always lived up to the rule. Now, the benefit to the men of having the piece rate is this: We give them their tools and teach them how they can get the best results from the use of those tools, and we have there men to clean the tools for them and to sharpen the cutters and other tools, so that a man has every advantage in producing. Then we give the men an enormous bonus for overproduction, so that a man is able to make not only a good wage but a very handsome wage at the works. We have quite a large number of men who turn in \$40 a week, week in and week out; probably 1,000 or 1,200 men can do that; probably one-third of the works; and it has this effect on the men, that, making good wages and being satisfied with their condition, they do not work the whole week. There are very few of our men that work 6 days; most of them work 5 days or 5½ days. The average number of hours to-day at

Midvale is 52 hours a week. Of course there are cases where a man has to work more in an emergency, or when there is special work in hand the men have to work longer hours; then they are not excused. But as an average, the average attendance is about 52 hours a week, and they are able to do that because they make good wages by this piece-rate system.

Q. Would it not be an advantage to you if the employees in the trade generally were organized and you knew what the scale of wages was that was paid to the unions in each establishment?—A. Oh, most decidedly. While we do not belong to any trust, we have to deal with trusts—we have to buy our material from trusts—it is for that very reason that we are such firm believers in the beneficial effect of trusts. In a sense a labor union is a trust. The Pennsylvania Railroad owns a large interest in the Baltimore and Ohio, the Chesapeake and Ohio, the Norfolk and Western, and other roads, and is able through that stock ownership to dictate the price at which coal shall be sold to the consumers. Every coal man has to file with the agent of the Pennsylvania Railroad a copy of any contracts that he makes. The consequence is that the Pennsylvania Railroad knows that everybody pays the same price for their coal. Now, it is a matter of perfect indifference to us whether we pay a dollar a ton or \$10 a ton for our coal so long as no competitor gets a lower price. And it is the same way with the furnace men. I do not think they have a trust, but they have an understanding by which the price of pig iron is fixed to everybody; and we know when we make our contracts for pig iron that nobody gets a lower price than we do. Stability is of vital importance to us—stability of prices and stability of wages. When we make a contract or contracts for material we expect to run from a year to two years. I have contracts on the books to-day which I do not expect to complete before 1905. Now, it is absolutely essential to me when I make those contracts that I know what I am going to pay for my raw material and for my wages. So that in answer to your question I would say, yes; it is of very great importance to us that labor should be fixed in such a manner that everybody should be on the same footing, and it is of very little moment to us what price we pay for labor provided we all start alike. For that reason the trusts are of great benefit to us.

Q. (By Mr. LITCHMAN.) And you think for that same reason a good, well-conducted, strong labor organization will assist in maintaining that stability?—A. When a labor organization has at its head a thinking man, a student like Mr. Gompers, for instance—I do not want to be personal, but I just instance him because he is a thinking man—it is decidedly of benefit to the manufacturer. If, on the other hand, the head of the labor organization is a man like that poor fellow Irons, who conducted that strike against the Missouri Pacific a few years ago, then it is disastrous to the laboring man and to the employer. It depends entirely on who it is that manages the labor organization.

Q. (By Mr. FARQUHAR.) Do you have many in your employ that belong to the Amalgamated Association of Iron and Steel Workers?—A. I do not know; we never inquire.

Q. You do not inquire as to the organization?—A. No, we never inquire; we do not bother about it.

Q. Is your scale of rates in that department between yourself and the operatives?—A. No, it is not.

Q. You make the scale?—A. We make the scale.

Q. And they work accordingly?—A. They work accordingly.

Q. Whether satisfied or dissatisfied?—A. We never have had any dissatisfaction. I have been handling men for 24 years, and I have handled from 10 men up to very nearly 6,000, and I have never had a question with the men, not one.

Q. Do the men permanently stay with you—have you many old employees?—A. I have men out at Midvale that dug the first foundation for the first building that was put up at Midvale. I do not think that we are as fortunate in that respect as the Baldwin Locomotive Works. The Baldwin Locomotive Works are very peculiar; they must treat their men very kindly, because when work is slack with them we take on a lot of their men; but the moment work picks up with them again the men leave us and go back to Baldwin's, no matter whether they are getting big wages—no matter what happens they go back to Baldwin's. And while we do not agree with them in a great many ways, we can not help admiring them, because there must be something that makes them attractive to the men.

Q. You have a knowledge of the rate of wages in other similar establishments?—A. Yes.

Q. And you make that naturally the basis of fixing the wages with your men?—A. Yes; we try to make the place attractive to the men, because it is for a very selfish reason. There is no philanthropy in it. We invest a great deal of capital in the education of a man. You must be patient with a man; you must explain

how things are done; he wastes a lot of your material in doing it; after you have a man thoroughly educated you can not afford to lose him. It is not because you love the man; it is not because you want to be a philanthropist, it is from pure common business sense; that is all there is in it. When you once have a man educated you want to keep him. Now, in 1894 and 1895 and part of 1896, we took contract after contract in which there was absolutely not a cent profit, and in some cases there was a loss, because we felt that it was due to the men that we should do everything we could to keep them together. Keep the organization together, and enable them to support their families in comfort. Now, I have had a great deal of credit offered to me for being a philanthropist, but there was not a philanthropic thing in it at all. I had to keep the men going there, to work what they could; that was all there was in it. But when the good times came we took the work that came to us and the good action brought its good reward; it was mere action of common business sense. So that is the way I would answer your question, that it is decidedly to the advantage of the employers to have a strong labor organization guided by intelligent men.

Now, in the matter of payment, we pay our men every Wednesday for the week ending the Saturday preceding. We have had this question of methods of payment up several times, and we prefer to pay every week and we prefer to pay in cash. If you pay in checks the storekeeper who discounts the check is bound to get a rake off on the check, and if you allow the payment to go for two weeks or for a month, you may involuntarily cause hardship to some of these men who, as a general rule, are not as provident as they should be.

Q. You have no company stores in connection with your company?—A. We have absolutely no company stores. Although it has been mooted several times that we should buy a piece of land and put up dwellings for the men and put up a company store, I have always been opposed to it, because there is a tendency to force the men to deal at the company store which is not fair to the men. And it is just that very fact of compelling a man to do something that he does not want to do, even if it is for his benefit—it is that very fact that causes a man to become dissatisfied and leads to trouble. I try to make my life as easy for myself as I possibly can, and for that reason we do not believe in company stores nor in dwellings for the men. We let the men deal where they please and we let them live where they please. Outside of our fence they can do anything they please. As a general rule they vote against me in the Thirty-eighth Ward.

Now, you ask me about the increase in the number employed in the several industries. The number of our men has increased steadily. When I was made manager of the works in 1886 we employed 480 men; to-day I think we employ 3,400; and that is due to the expansion of the business. The business has grown and the number of men has grown with it. We endeavor as much as possible to employ as few men as we possibly can, because I do not like to see new faces around me. I like to see old faces, and if you take on a lot of men you may have to lay them off. We like to take a man on and keep him on; and we like to make the men understand that they must stay with us. For that reason, even when we have an extra rush of work, we do not care about taking on extra men. We do not employ any women in the place, and we have only about 80 boys. When a boy comes to us we take him in hand and we make his father or his mother, as the case may be, sign an indenture binding the boy to us for a period of three years, which will expire when he is 21 years of age. Then we take that boy and we study him for a little while. One of our engineers, Mr. King, has a great faculty that way, and we try making a molder or a melter or a machine hand or a carpenter or a pattern maker or a chemist or something out of that boy. We pay him at the beginning 6 cents an hour and it gradually goes up until he has served his time, when he is earning 8 cents an hour. He does not get all that money; a part of it goes to his mother and a part of it goes to him, and a part of it goes to the savings fund. He is compelled to keep an account in any savings fund that he may elect, and in that savings fund part of that money must go. So that when his articles of indenture expire and he is 21 years old he starts in life with a small capital. As a general rule, the boys like to stay with us and become inspectors and foremen, and they make excellent inspectors and excellent foremen, although we try to encourage them to go elsewhere because in this strenuous life that we live, where competition is so great, we want to have friends everywhere, and we try to get our engineers employed by other companies and we try to get our boys in other establishments, and then we know we have friends instead of having enemies. We pay the Franklin Institute for the tuition of those boys at night. The Franklin Institute have a branch out near our works, which is very ably managed by Mr. Cresson, and these boys are first taught arithmetic and then elementary mathematics; they are taught the history of the United

States and they are taught the Constitution; and we try to instill them with patriotism—and we teach them Spanish. Now, a boy does not naturally care about working at night after he has finished a day's work, so we compel the boys to go to night school; but in order not to make it too arduous on them we pay them for the time they are at night school just the same as we do when they are at work. A list is sent to Mr. King of the boys that have attended, and they get paid for it. Their tuition is paid for by the company. If they do not go to night school, then Mr. King inquires and finds out what the reason is, and it must be a very good reason that would satisfy him. The boys are full of energy. There is more devilment to the square inch in one of those boys than there is in any other class of boy I ever met; and it is the most interesting problem we have in the works to direct this energy into the proper channel and make good men of them. The regularity of our men is very much out of the common. They are singularly regular in going to work. Sometimes a wedding takes place, and a wedding with us means sometimes 15 days before it can be considered consummated; and then again we have to bury an Irishman, and that takes about a week; but otherwise the men are very regular, and they are very sober. There is very little drunkenness among the men. The great sin at Midvale is insubordination or disobedience. That is not forgiven. A man who disobeys or who is insubordinate is punished severely. Lying is looked upon with less severity. Drunkenness is glossed over. And then that other thing, in which a man keeps two or three market baskets, while we look upon that as an amiable foible, very few can afford it and it brings its own end very quickly.

Now, the men have no objection to being fined. We fine them severely, and I suppose in the course of a year we take up between \$5,000 and \$6,000 from the men. But this money does not go to the till of the company; it goes to the treasury of the benefit fund of the men, which provides them with a certain payment when they are disabled, and it also enables them to pay for their doctor.

In the course of a year we hurt between 800 and 900 men at Midvale. We have a doctor who comes down every day at 12 o'clock and takes luncheon with me. I make him take luncheon with me, because then I know he is there. And if he does not take luncheon with me it is because he is absent, and I can know it at once. On an average he has 42 cases to attend to a day. He has a minor clinic there, you might say, a dispensary service, where he attends to the hurts of the men; and he is very skillful, and the men pay him for this work.

All of us at Midvale must belong to the benefit fund of the men; we each pay 5 cents a week. Then there is a system by which death dues are collected when a man is killed, which brings the widow in about \$1,500 or \$1,600 spot cash. That generally enables her to start a little store or to live until she can make other arrangements; and there has never been any objection to it.

Q. (By Mr. LITCHMAN.) This 5 cents a week is paid by the men as well as by the foremen?—A. Every man in the works. Every man that goes into the works has to pay 5 cents a week to the benefit fund of the men, and every fine that is collected goes to the benefit fund of the men.

Q. How is that fund managed?—A. They elect every year special trustees for the fund. It is managed by the men themselves, but there is a veto power lodged in the manager of the company, which is simply to prevent the men doing some unwise act. The fund is very flourishing. It has \$6,000 or \$7,000 invested, and as the fund flourishes we increase the amount of donations out of the fund.

Q. Do you pay sick benefits also?—A. We do not unless there is some reason for it—unless the circumstances of the man are so poor that it is necessary to do so.

Q. Do you pay accident benefits?—A. Accident benefits are paid by the fund when the condition of the man is such that he requires extraneous help. Then the company steps in.

Q. (By Mr. KENNEDY.) Is there any borrowing from the fund by the men?—A. We do not allow the men to borrow from the fund.

Then we have a system by which after a man has become incapacitated from age or from work or sickness the company pays him his wages. That continues for life, and the company generally pays these men the highest wages they have ever earned while in the employ of the company.

Q. (By Mr. LITCHMAN.) Have you anybody on that list at present?—A. We have, I think, 13 or 14 men. The men do not like to go on the pension list. They look on it as a disgrace, and we have never been able to eradicate that impression. It is very hard, so they think, after a man has worked a number of years, that he shall be relegated to the shelf. If it is something like paresis or locomotor ataxia, where it is dangerous for the man to be in the works, we compel him to go on the fund. When it is old age we give him a job tending a gate, and he

thinks he is doing a day's work sitting by a stove and challenging everybody that wishes to come in. They object to going on the fund, but they get their pay just the same as if at work. That is one reason they do not care to leave our employ. They know they will be looked after; they know their children will be educated and looked after, and, after all, the management is not so very severe as we try to make ourselves out to be.

Now, in that total of men that we have we have fully 800 or 1,000 colored men. The balance are Americans, Irish, and Germans. The colored labor we have is excellent. We do not take colored men from Philadelphia; we find the colored men we get here have been accustomed to being brought up as waiters or in domestic capacities, cooks, etc., so we prefer to get them from Virginia. We have a large delegation or representation from Fairfax County, Va., and they are very fine men. They come through family influence; they know somebody here, and he brings them. They are lusty fellows; we have some with shoulders twice as broad as mine and chests twice as deep as mine. The men come up here ignorant, totally untutored, and we teach them the benefit of discipline. We teach the colored man the benefit of thrift and coax him to open a bank account, and he generally does it and in a short time has money in it, and nothing can stop him adding to that bank account. We have no colored men who drink. They all drink water, tea, or coffee, but not one of them drinks liquor. They are the most total abstainers that I have seen anywhere. The nature of the employment is very arduous. They are men of strong animal energy, and, like all men of strong physique, they have strong minds—not brilliant minds, but stubborn minds—and it requires a very firm hand to keep them right; but they keep right and make very good citizens. We feel very proud of our colored men.

Q. Has there been any friction between the white and colored?—A. Not a bit of it. They work cheek by jowl with Irish, and when the Irishman has a festivity at home he has colored men invited. We did it with trepidation. We introduced one man at first to sweep up the yard, and we noticed the Irish and Germans and Americans looked at him askance. Then we put on another. Then we put them in the boiler room, and then we got them in the open hearth and in the forge, and gradually we got them everywhere. They are intelligent and docile, and when they come in as laborers unskilled they gradually become skilled, and in the course of time we will make excellent foremen out of them.

Q. The wages, of course, are the same?—A. Absolutely no difference; the same as any laboring man. They go home every once in a while and come back and bring with them a cousin, uncle, younger brother, or some relative. They are so numerous they have started a Baptist Church in the neighborhood themselves, and it is progressing finely; and while at home I am an Episcopalian, at the works I am an Irish Catholic or colored Baptist, because in religion I agree with my men.

Q. (By Mr. CLARKE.) Do the colored men vote at Midvale?—A. I do not know. If they do, they vote against me; you may depend upon that. Now, in connection with the education of the colored men at Midvale there is one point which I have already mentioned and which should have great attention, and that is the absolute necessity for the benefit of the industries of the country—not Midvale only or the steel industry, but all industries—that there should be more manual-training schools. The benefit of the manual-training school is enormous. The boy learns not only discipline, but the theory of the tool that he expects to work afterwards, and too much money can not be spent in manual-training schools. It is not necessary to give him an education in belles-lettres or classics, but teach him how to take care of his hands and how to handle tools, and you will be doing a great service to the country. We have near Midvale a branch of the public library. When the public library started we thought we should subscribe to the library, and we did so, and it was suggested to us by the gentleman in charge that we send him a list that would interest our men. So we made up a list of elementary text-books on steel and machine-shop practice, etc., but we noticed that our men did not use these books; they preferred to read about "Squint Eyed Bob, the Bully of the Woods," and things of that sort. So we had to ask the management of the free library to change the nature of the library at Nicetown and give other matter which would be preferred, and they did. I think that is all I have to say in regard to the management of the works, but there is another subject that I would like to say a word or two about, if you will permit me, Mr. Chairman.

Mr. CLARKE. To be sure.

The WITNESS. In the paper which Mr. Cramp presented a few days ago he touched on the enormous profit that was made in the manufacture of armor plate and of gun forgings and of shells.

Mr. Cramp is a very well-read man, and he is a thinking man. There is no man to whom the nation owes so much to-day as to Mr. Cramp, on account of his

production in the way of war ships. He is a thinking man, but when he made the statement he did I think he had not given the subject the consideration that he should have given to it; but in saying this I do not wish to criticise Mr. Cramp in any way.

The profit on gun forgings and on armor plates is very small compared to what the profit is on industrial work, because when the tests are made of shells, for instance, or of armor plate, you do not test each separately, but the lot, and on 2 shots depends the acceptance or rejection of that material, and if the material is rejected it is an absolute, total loss; so that whereas at first blush it would seem that the profit of 23 per cent, which is the profit on armor plate, more or less, is very great, as a matter of fact, when you take into consideration the risk of rejection, it is very small. It does not begin to compare with the profit on steel rails and beams and shapes and building materials in any way. We make a great deal of material for the Navy Department and the War Department, and we have before us a very curious condition of affairs. The United States Government protects home industries by a tariff of 45 per cent on the average. Now, the French Government, when it buys its gun forgings from the French makers, pays 34 cents a pound. When the English Government buys its materials from the English makers it pays them 31 cents a pound; but when our Government buys its material from us it pays us 22 cents a pound, and always tries to ~~run~~ ^{run} down. They never cease to ask whether it is not possible to make some reduction, although they are never willing to change the specifications, and the specifications under which material is made for the American Government to-day are more severe than the specifications under which any foreign material is furnished to any foreign government. Not only do they penalize us enormously, but they do not treat us with the same degree of fairness that the foreign governments treat foreign contractors. I do not know how many thousand dollars we have paid in penalties at Midvale, but certainly over \$200,000 since 1886, and you have to pay your penalty first, and then the Government pays you for its material afterwards.

Q. (By Mr. LITCHMAN.) Have you attempted to enter the foreign market at all?—A. Yes; we furnish a certain amount abroad, but very little, though we expect to furnish a good deal more.

Q. I mean to foreign governments?—A. I am answering the question. In February of this year, just before the meeting of Parliament, we had an inquiry for a great deal of material from England, and Colonel Lee, the military attaché at Washington, was interested in knowing what we could do, and so was Mr. Lane, who was the agent of Vickers's Sons & Maxim. We submitted prices and times of deliveries. The prices were satisfactory, but they did not believe we could make the deliveries we stated we could and they inquired of the War Department to find out if it was possible for us to make those deliveries, and the War Department said they had no reason to doubt our assertion, because we had done better with them than we had stated we could with the English Government. Then the contract hung fire because Parliament had not voted supplies, and when it did the English makers raised such strong objections to Americans coming in and supplying war material to the British Government that the matter had to be dropped.

Q. (By Mr. FARQUHAR.) How many concerns are there in the United States for the manufacture of armor plate?—A. Only 2 concerns, the Carnegie and the Bethlehem, that make armor plate to-day. We made a bid on a lot of armor plate and we bid at a price which would have barely seen us out. Mr. Long deemed the figures too high, and after considerable negotiations he placed the contracts with the other concerns at a price \$17 per ton higher than the price we bid. His reason for not accepting Midvale's bid was the fact that we could not begin to deliver as fast as Bethlehem and Carnegie, who have their plants established; and in my judgment, while the disappointment at not getting the contract was very bitter, the Secretary acted wisely, and if I had been the Secretary I would have decided as he did. Still, it was bitter for us to lose an \$18,000,000 contract.

There are only 3 concerns that make gun forgings, the Bethlehem Company and ours. There are any number of concerns that make engine forgings, and there are quite a large number of concerns that make shells. There is to-day no profit in the manufacture of forgings, because there are so many makers and only 1 buyer, and he buys only in a limited quantity and buys to suit himself.

Now, the reason why we can manufacture more cheaply here than they can abroad is not due to superiority of our tools nor to our great brain power or anything of that sort; it is due to only one reason; there is only one cause at the bottom of it, and that is the greater energy of the American over the European. It is that energy which enables us to do what they can not do abroad. If you will

only visit the steel plants on the Continent and the steel plants in England, you will at once see the difference between the methods in force in this country and the methods abroad. It is simply a question of greater energy in the States than in Europe.

Q. (By Mr. CLARKE.) Is not your organization superior to theirs as a general thing?—A. We think, of course, there is no organization superior to Midvale; we are willing to admit that. But as a matter of fact I do not think they have ever had to work as hard as we have had to work. They take life easy over there; the office hours are shorter; the men are allowed more time to do things. When you see a man trundling a wheelbarrow on the other side, he takes his time; here we load the article on a truck and have an engine pull it and pull it quick, and if the engineer did not cover the ground he would have to explain why. There the men are allowed their time; they have altogether a much easier life. I do not know that they are any happier than we are, but it is their way of living and it is different from ours, and in the end I think we are bound to be superior to them.

Q. Have we not some large advantages too in raw material and fuel?—A. No; because the price of fuel is not fixed by the geographical location of coal mines, but fixed by railroad companies, and it is the same way with ore. I do not think there is so much advantage as one would think. It is a matter that has interested me very much, and which I have studied for a good many years, and I do not think that is any very great advantage. It is just the same as the tariff to us. The tariff is neither a benefit nor is it an evil, simply because we accommodate ourselves to existing conditions. I am a free trader by education and by conviction, but as for free trade in this country—that would unsettle everything. I am perfectly willing to put up with the evils of the tariff; I simply adapt myself to the conditions in which I have to work, and if the tariff was changed and a higher tariff was to prevail I would adapt myself again to the new tariff. It is far better for us, when you take into consideration the days of worry and the nights of anxiety we endured at the time the tariff was being framed—I think it is far better for us to let the tariff alone for some time now. We have just got through a period of great anxiety, and now we want 4 years of rest. Now let us have that rest. Don't touch the tariff, and I will not touch the question of free trade.

Q. You think, then, that even though there were some inconsistencies in some of the schedules, and occasionally some article is discriminated against by the tariff, as a whole, and for all the industries and all the people engaged in them, it would be better to leave it as it is?—A. Decidedly; there is a reason for that. We only have 3 customers—the Government, the shipyards, and the railroads of the country. When the railroads prosper we prosper; when the shipyards prosper Midvale prospers. So we look at the tariff, and while we think there are certain things we would like to have changed for the benefit of Midvale, it might hurt somebody else, and it would hurt us more to have a change made than to endure the little annoyances we have to put up with now.

Q. (By Mr. LITCHMAN.) You say you have only 3 customers?—A. That is all.

Q. Have you considered the question of combination with either of these 3 customers?—A. With the railroads?

Q. You can not with the Government, of course.—A. The Government will not combine with us. I would like very much to enter into a conspiracy with the Government. The railroads will not do it, and the shipyards are unapproachable.

Q. (By Mr. KENNEDY.) Rumors to the contrary notwithstanding?—A. If you refer to the combination of Cramps and Vickers and Midvale, I wish to state as emphatically as I can that no one to-day has an option on Midvale, nor has anyone an option on the controlling interest in Midvale. I read every morning in the North American articles which make me a rich man, and at night I return home disappointed because I am as poor as when I left in the morning. I would state further that this is not a new story. It came out about a year ago, and last summer when I was in London, on the 11th of August, the day before grouse shooting began in Scotland, I went to see Mr. Albert Vickers, of Vickers's Sons & Maxim, and I asked him the question in the presence of Mr. Lowe, the managing director of the company—I told him what I had heard and asked if there was anything in it, and he said in the most emphatic manner that neither his company nor he nor any of his partners proposed coming to the United States, or putting up a plant in the United States, or doing an American business beyond what they could do direct with the Departments at Washington.

I was very much interested in that because I had been studying some of his patents, and I was convinced that we could build a better gun and better shells at Midvale than Vicker is making to-day, and while I have no doubt the Vickers patents are very valuable I am very much inclined to believe their real value is not as great as the value set upon them by Messrs. Vickers's Sons & Maxim. There is absolutely none of their patents that could not be dispensed with.

Q. (By Mr. LITCHMAN.) Are the shells made by you similar to those made by the Taylor Company?—A. Mr. Taylor says his are superior to ours.

Q. Are they similar shells?—A. Yes; certain classes of shells that Taylor makes are similar to ours. His are cast steel and ours are not; ours are forged.

Q. You do not object to his having that hallucination?—A. He is one of the finest men I know. He has known me ever since I was a boy, and I think he has a rather good opinion of me, which is reciprocated.

Q. (By Mr. FARQUHAR.) Is there any advantage in a combination of shipbuilding with armor and complete ordnance so as to make a perfect ship, as in foreign countries?—A. I do not see where the advantage would come in.

Q. Would it not be an advantage in case of war between different countries—the rates they could pay for a ready built ship?—A. Yes; if you look upon it from the speculative point, if a shipyard were to combine with a steel plant and keep warships and transports in stock, as you might say, and, to use a common expression, on the counter ready for delivery, I think that the corporation that would undertake that would make an enormous mint of money; but it is pure speculation.

I remember very well when the *Newark* was building there was war between Peru and Chile, and I am quite certain Mr. Cramp could have obtained any price he might choose to name for the *Newark*; and later, when the *Minneapolis* was being finished, there was war between China and Japan, and Mr. Cramp could have received two or three times the money for the *Minneapolis* that he got from the Government; and when the late war broke out, if there had been ships on the stocks or in dock ready to sail, I am quite sure our Government would have paid any reasonable sum for them.

Q. You think the incentive is more speculative than real?—A. Yes; but on the other hand I wish to qualify that statement. There is no doubt that Mr. Cramp must have given the subject a great deal of thought, because he is a thinking man and he does not reach conclusions hastily. I know a great many men, and I do not know 3 men more brainy than Mr. Cramp, Mr. Converse, and Mr. William Sellers. I think they are undoubtedly the 3 best thinkers we have to-day in Philadelphia in manufacturing. So that Mr. Cramp's project must undoubtedly have been a matter of very deep thought and must have been based on more than a mere speculative venture.

Q. Do you see advantages in these great combinations, where you own and run the mine and the whole thing until you turn out the finished product in steel?—A. Decidedly; but of course like everything else the profit there bears its own penalty. The responsibility that is incident to the management of a corporation that mines the ore and carries it through the different processes to the manufacture of the rail—the responsibility is so great very few men can stand under it. They break down; they are bound to.

Q. Could these combinations ever be made without these great capitalizations?—A. Yes; because the majority of the capital that is represented in these capitalizations does not exist.

Q. But take the Federal Steel Company, for instance, which is capitalized for \$200,000,000 and has only an actual capital of about \$100,000,000; with 4 great profits in it, do you think that would be an inordinate capitalization?—A. I think so. I do not know of any corporations that are not too heavily capitalized to-day.

Q. (By Mr. CLARKE.) Which do you think would be inordinate, the \$200,000,000 authorized or the \$100,000,000 issued?—A. The \$200,000,000 authorized.

Q. (By Mr. FARQUHAR.) Suppose they only issue half?—A. But unfortunately they do not do that; they mean well enough when they start out and they intend to hold that stock in the treasury for just such purposes, but the temptations are so great to allow outsiders to participate in the profit that they feel bound to do so. They issue the stock when they should not do it, and that causes trouble.

Q. Do you think they are natural or unnatural to business?—A. It is natural. It is the age we live in. It is the product of our civilization, and bound to go on.

Q. Do you think these large accumulations of capital, where they can give greater credits and longer time on credits, a positive advantage to the American business?—A. Decidedly. If you wish to do foreign business you have to be prepared to give long credits. Now, in Brazil I remember attending an auction once at which 4,000 contos of dry goods, about \$2,000,000 worth of dry goods, was sold at 14 months' credit; bills to be dated 6 months' after the auction. That was almost 2 years. Now if you want to do business anywhere you have to give long credit. The Germans and English have an admirable system. When a number of English or German merchants invade a certain territory or country or town they are immediately followed by a bank that is established in London, and it establishes a bank at that place and gives them all the credit they can require. The Germans do it to a much greater extent than do the English. They give

every facility for their merchants to establish foreign markets, and that is why the Germans are pushing the English out of the foreign markets to-day, and until we do the same thing we can not hope to successfully compete with the Germans or the English.

Q. Do not both the German and the English consular services pay more attention to a local knowledge of the credit of parties to whom they sell than we usually do in the American consular service?—A. They do; and the trouble lies with our system of sending men abroad as consuls who have not been fitted for the position by business qualifications.

I remember in Rio the American consul was Colonel Hinds, of Alabama, who was a very nice fellow. I asked him one day why he was made consul in Rio, which was one of the important consular positions of the United States; and he explained to me that his qualifications consisted in the fact that he was the colonel of the only Federal regiment of cavalry raised in Alabama during the war; that Mr. Grant thought he should get a position and Mr. Seward had him appointed. Now Colonel Hinds meant well and was a very good man, but absolutely unfitted for the position of consul; he had not had the training.

We were singularly unfortunate at that time because the minister to Brazil was a gentleman by the name of Partridge, who was a Methodist minister, and who was appointed to the position by the influence of Mrs. Grant. He stayed most of the time in the United States, so that while he was an excellent man and a very kind man, he was not the man to be sent to Brazil, where you needed a very firm man, and where you needed a man educated for just that position.

Take it all over Europe, everywhere you go it is the exception to meet a consul that understands anything about the nature or the duties of his office; and outside of the large diplomatic appointments it is the same thing with the ministers.

Q. Do you not think there is also one hurtful feature in that—the frequent change of administration?—A. That is the life of the system. When a party rewards its partisans by giving these appointments, the tenures of office can only be temporary. The consular profession is just as much a technical profession as is the engineering profession. The men should be brought up and remain for life in these positions; then they can attend to the duties of the office—the enlargement of the commercial business of the country.

Q. You spoke of the financial features. What would be your judgment as to the feasibility or practicability of the United States chartering an international bank which might have branches in those countries where we do business?—A. I think it really does not make much difference whether the United States charters it, but the bank is bound to come. It will come of itself. The business will grow and after a while a number of men will get together and form a banking association and enter on the banking business whether they have a charter or not, for it is bound to come and will come in the next 10 years. It will begin with Mexico, and after a while it will extend. I can see it coming to-day.

Q. Do you suffer any disadvantages at all because of your London exchange?—A. No, because we sell everything delivered New York.

Q. Your exchanges that you handle there in Brazil, for instance, are all London?—A. All London—every cent of it.

Q. (By Mr. CLARKE.) What are the principal products of your works?—A. We make forgings for engines, gun forgings, shells, forgings for locomotives, tires and car wheels, tool steel, and castings of all kinds, provided they are large. We do not do any small work, as we are not fitted for it.

Q. Do you take the iron ore and convert it into these various forms?—A. Oh, no; we buy pig iron from the furnace men. All our steel is made by the open-hearth process; it is not made by the Bessemer process.

Q. Do you get your raw material in this state mostly?—A. All of it in this state.

Q. Are any of your raw materials or other supplies controlled by combinations commonly called trusts?—A. They are all controlled by combinations—all of them. The strongest combination from which we purchase anything is the nickel-ore combination. We use a great deal of nickel in our processes, and we have to buy it in New York from the Orford Copper Company, and that is an international combination. The prices are regulated in London and everybody has to pay the same price. They advance prices to suit themselves. The last advance they made to us from one day to another was 28 to 42 cents a pound. When we were notified of it it took our breath away at first, and then, knowing how impossible it was to do anything else, we gladly assented to the raise.

Q. Make the difference with the consumer?—A. The consumer must pay the difference.

Q. Did you make an increase in your profit on account of that?—A. No; for a

little while there was a decided loss on the contracts we had on the books, but afterwards we altered the prices to suit the increased cost.

Q. Is there much of that product now from Canada?—A. I think all of it comes from Canada. I believe there is a very small quantity of the nickel made in New Jersey, but I have an idea nearly all of it comes from Sudbury.

Q. Have you been subjected, except in that instance, to any hardship or exactions as a result of the combinations of companies?—A. No; we have not; and I am very much in favor of trusts, provided they do not sell to a competitor any cheaper than they sell to me. We get on very well with the Standard Oil Company, from whom we buy a good bit of oil, and who are very liberal in the construction of a contract. They will make a contract to run a year at a certain figure. If in the interval the prices fall, as has been the case, they give us the benefit of the drop, whereas if the prices go up they never charge us anything more. So we have considered we have been very fairly dealt with by the Standard. In nearly every case with every trust you can get similar terms. It is a business proposition with them as with everybody else; they do not like to lose a customer even though his business is not worth having.

Q. Do you think it is a tendency of large concerns to do business on regular business principles in a way superior to the practice of smaller companies?—A. They can not help themselves. The larger corporations generally employ the best talent, and of course they can afford to pay more for talent than do the smaller concerns, and for that reason their business is bound to be carried on upon a more businesslike basis than that of smaller concerns.

Q. (By Mr. FARQUHAR.) These combinations were, of course, practically the result of the severe competition that existed between the separate concerns before they combined?—A. In every case. It was a question of life or death, and they had to combine in order to live.

Q. Do these combinations arbitrarily increase the price to the consumer?—A. No; the tendency would be to reduce the price to the consumer.

Q. Do you believe there are economies in the combinations?—A. Enormous economy. The larger the business the smaller become your fixed charges, always.

Q. Do you suppose there is sufficient competition (take it in steel manufacture in this country) remaining, even with the 4 or 5 large combinations, to make competition only on a larger and wider scale?—A. Certainly; a larger and wider scale. There will not be so much fluctuation in prices, because a fight between large corporations always ends fatally to one, and nobody cares to be that one.

Q. (By Mr. CLARKE.) Have you any further statement to make?—A. If you will permit me, I would like to say that I am obliged to you for giving me this hearing. Two things I would like to emphasize, one is to give attention to the manual training schools and the other is to let the tariff alone.

(Testimony closed.)

AFFIDAVIT OF MR. N. O. NELSON,

President N. O. Nelson Manufacturing Company, St. Louis, Mo.

ST. LOUIS, January 11, 1901.

THE INDUSTRIAL COMMISSION, Washington, D. C.

DEAR SIR: The commission desires from me such information and opinion as I possess regarding the relations between employers and employed, and especially as to the system of profit sharing, to which may properly be attached the allied subjects of business cooperation and social betterment in connection with business establishments.

The company of which I am the president and general manager is engaged in the manufacture of plumbing goods made of wood, iron, copper, brass, lead, and marble. In its various departments it employs about 500 persons. Each line of work has its own union, by the desire and encouragement of the management. The house was founded by myself in 1877, and became a corporation under the Missouri statutes in 1883. It adopted profit sharing in 1886, and founded the village Leclair in 1890. The immediate occasion of adopting the profit-sharing system was the great railroad strike on the Gould lines in the early part of 1886. I had been for several years much interested in the constantly recurring strikes on St. Louis street-car lines and on the railroads leading out of St. Louis, and in many local factories. These strikes wasted a great deal of the earnings of the workmen and a great deal of the profits and capital of the employers. Besides this, it pitted one portion of the people against their neighbors, making us a community of enemies at home, hating each other when we should love and serve

each other. The Gould railroad strike paralyzed our business along with the rest. I was selected as 1 of 3 conciliators, but we were refused an audience by the railroad managers.

My reading of political economy had been confined to the orthodox channels, in which the relation between employer and employed was barely touched upon. In looking a little further I came across accounts of the house painting and decorating concern of Leclaire & Co., Paris, founded in 1838, and at the time of which I write employing about 1,000 men; also the great iron concern of Godin & Co., at Guise, France, employing about 1,100 men. In each of these the system had for several decades been in vogue by which every employee was given an interest in the profits of the business and the opportunity to become part owner in the capital. This seemed to me a rational relation, and I immediately decided to adopt it. In March, 1886, we placed in the pay envelopes a notice that beginning with the first of that year we should divide our profits by equal percentage on the salaries and wages of all employees and the net cash capital of the company, after first allowing a commercial rate of interest on the capital. We charged the current rate of interest for the capital as its wages, and then we considered that capital and wages stood on equal ground.

By the Godin and the Leclaire plans the interest of capital instead of the capital itself would be the fund upon which dividends would be declared; but our business was to some extent a trading one, and its earnings were large compared to the capital. It was therefore resolved that it would be sufficiently liberal to the employees to set their wages against the capital itself. At the end of the month we called all of the employees together, restated the plan in somewhat fuller detail, and requested them to select from their own number an auditor, who should examine the closing of the books at the end of the fiscal year and certify that the division had been properly made. The proposal was unconditional. We required no agreement or stipulation nor did we urge that harder work should be done. We did not, as a matter of fact, institute the system with a view to getting more work or making more profits; but had this been the motive we should still think that it would have better results if left to the judgment and fairness of the people themselves. Owing largely to the interruption by the great railroad strike, the year was an unfavorable one, and the dividend on wages was only 5 per cent. The following year it was 10 per cent; from that year until 1895 it varied from 5 to 10 per cent per annum. The first 3 years the dividends were paid in cash, with the privilege of investing in shares of the company.

After these 3 years had made it clear to the men that it was real money that they earned in that way, we then made the dividends payable in shares. We recognized the fact that an increase of an average of 8 per cent in wages would mean in most cases a rise in the scale of living, which would have to be forcibly reduced when there should be no dividends, or when the employee should be thrown out and do work elsewhere. The main value of the money would lie in laying up something for the future. No trouble or criticism or inclination to interfere ever occurred, nor has any occurred up to the present time. We had, at the start, made provision for taking care of disabled employees and dependent families. In years immediately following the system was adopted by a good many concerns throughout the country, a number of them being in our own lines of manufacture. Most of them discontinued it after 1 or 2 years' trial, on the ground that they observed no improvements in the quality and quantity of work. It appears to be quite impossible for anyone to decide whether each employee does a little better or a little worse; and I would add that I should never advise any employer to adopt the profit-sharing system with a view to making a larger additional profit than will be paid out in dividends. No one should adopt the system except upon the ground that it is right to recognize the workers' interest in the joint outcome of the work that is done. The wages, from those of the general manager down to the office boy, measure his estimated contribution to the general product, and upon this same basis the profits should be divided. That such a joint interest will, in the long run, affect the quality of work seems to me an unavoidable conclusion, and upon this general reason the economic value of the system must rest.

In all successful and long established profit-sharing establishments the tendency has been to approach more and more to genuine cooperation, wherein the employees become recognized as the vital element in the business association. Thirty years ago M. Leclaire turned over to his employees the entire management of his business, his own share of the capital to be retired by the profits, which went entirely to the employees, except paying Leclaire interest on his remaining capital. For more than 20 years it has been owned and managed entirely by the employees. Godin died in 1888. He had already made a similar arrangement to

that of Leclaire for retiring his own capital, and this has now, I believe, been entirely accomplished. In the Leclaire house one-half of the capital is owned by the mutual benefit society, into which all of the workers are admitted after a certain length of service. The other half of the capital is owned by 2 partners, who are the managers. Upon the death or retirement of either one of the partners his successor is elected by the mutual benefit society. Five per cent interest is allowed on the capital, one-half of the remaining profits go bodily to the society for general provident purposes, and the remaining half is distributed in cash by equal dividend upon the wages and the interest fund.

In the Godin concern 5 per cent interest is allowed on the capital, a certain amount set aside for educational and other general purposes, and the remainder distributed by equal percentage on the wages and the interest fund. The dividend on the wages is applied as payment on shares, and as the investment of the employees increases, the oldest capital is paid off. Thus, the Godin estate is first paid out, and thereafter the oldest shareholders among the employees when there is a surplus of capital. Besides their extensive factories, the Godin Company owns 3 extensive residential buildings, known as the Familistère, in which Godin lived until his death, and all the chiefs live, as well as a great portion of the workers. They have a cooperative store, a theater, a school, day nursery, kindergarten, and a fine park. Godin was an ardent disciple of Fourier, and in a series of papers called "Social Solutions" he outlined a plan of industrial society which has been practically followed in the development of the factory and of the familistère.

The South Metropolitan Gas Works of London, probably the most extensive gas producer in the world, employing about 10,000 men, adopted profit sharing about 15 years ago as the result of a bitter and protracted strike, the dividends being payable in stock of the company. The arrangement has been eminently successful; the employees have now several hundred thousand dollars investment in the shares, and have 3 representatives upon the board of directors.

The Thames Iron Works, a very large shipbuilding company, has had the system in use a number of years, and the recent report of the president is exceedingly interesting.

There are in this country a large number of profit-sharing concerns, but as there is no general association and no Government bureau requiring reports to be made, few particulars are known about their operations. The most extensive department store in Paris—the Bon Marché—has had a complete and liberal profit-sharing system in use for 20 or more years. The proprietor long since died, but the widow continued and improved upon the plan. Besides an interest in profits by the several thousand employees, liberal provision is made for common benefits and future pensions.

In the cooperative associations of Great Britain and the Continent the profit-sharing or bonus system is in common use. The system is by far the most developed in France; next to that being England, and for the rest it is steadily though slowly spreading in the United States and other commercial countries. It is an elastic system. The plan may be made to suit the inclination of the employer and the nature of the circumstances. Two conditions only are necessary: That the plan of distribution shall be stated in advance and not be left to the good will or caprice of the employer, and second, that no counter conditions shall be exacted. If left to the option of the employer after the profits have been made it comes in the nature of a gift, which violates the principle and defeats the purpose. If coupled with conditions it is open to the objection that it interferes with the ordinary rights of the employees.

Another form of profit sharing is what is known as business cooperation. This system of business has in Great Britain reached the extraordinary extent of 1,600,000 members, an annual business of \$275,000,000, and annual profits of over \$40,000,000. There are in Great Britain about 2,000 retail associations, some of them, that of Leeds for instance, having over 80,000 members and extensive factories of their own. The federated wholesale society, with headquarters at Manchester and branches at London, New Castle, and Bristol, does a business of over \$65,000,000 a year, keeps about 30 resident buyers in all parts of the world, operates factories employing about 10,000 men, owns 7 ships, plying between England and Ireland and England and the Continent.

All of these cooperative associations have been started by plain workingmen on small capital, buying and selling exclusively for cash, charging the usual market prices, and out of the profits paying dividends in proportion to the purchases of each member, half dividends to nonmembers, applying these dividends first on the deferred payments of shares and thereafter in cash. The advantages of the system, compared with the ordinary competitive method, are that expenses can be proportioned strictly to the business requirements; that they sell only genuine

goods, give honest weight and measure, and save for themselves the profits as well as the economies. They pay 5 per cent interest on the share capital, set aside a portion as surplus, and then return dividends of from 10 to 15 per cent on the purchases. This of course is profit sharing in its fullest sense. In France the cooperative business has been developed mainly in the farmers' buying and selling associations. In Germany and in Austria the most prevalent form is the people's banks. These have had phenomenal success. In Italy cooperation is well developed in stores, in associations for doing contract work, and also in people's banks. In the United States cooperation has been most largely developed in creameries and mills; but there are a considerable number of extensive and prosperous stores on the English plan. Notable among these are the Arlington at Lawrence, Mass., and the Johnson County at Olathe, Kans.

There is yet another form of profit sharing, sometimes designated under the name of social betterment. The utter disregard of comfort, of sanitary conditions, and of appearances about factories have always been a reproach. In recent years many employers have come to consider that it is worth their while to improve these conditions. In not a few places the surrounding grounds, when there are any, have been beautified, dining and rest rooms have been equipped, lecture courses and libraries have been provided; all of these free. They cost some money, and to this extent they are a sharing of the profits with the employees. Notable instances of these are the National Cash Register Company at Dayton, Ohio, and the Sherwin-Williams Company at Cleveland.

Prior to 1890 I had become impressed with the evil conditions of city life and the impossibility of doing anything more with profit sharing than an increase of the cash payments. Believing in the old adage that God made the country and man made the town, and having rather more confidence in the workmanship of the former than of the latter, I secured for my company, in the spring of 1890, a tract of 125 acres of land, situated on the high and rolling lands of Illinois, 18 miles northeast of St. Louis, adjoining the county town of Edwardsville. Here we began to build factories, at the same time laying out a portion of the acreage as a park village. We laid out winding roads which we have since paved with that most excellent material, coal cinders. We planted trees and laid sidewalks along these roads. We built a bowling alley and billiard room, a clubhouse for single men, with a room for evening gatherings, and then started building cottages of from 3 to 6 rooms to sell to any employees who wanted to buy. We provided our own electric light for factory and village use, and also water. We kept building more factories and more houses until 1894, when the dull times overtook us, and we had to wait a while. We built a greenhouse to provide our own flowers for the public grounds and for giving away to those who would set them out in their yards. Payments on the houses were made at about the equivalent of city rents. Quite a number of them have been entirely paid for. There is about one-third of an acre of ground to each house, on which flowers and fruit trees and vegetables are planted. We provided lawn mowers for everybody's use. Anyone who wants more garden room than he has on his own lot can have all he wants already plowed in the adjacent farm. We have a lecture and dance hall, 40 by 60 feet, which has sliding partitions, so that we make out of it a schoolhouse with one large and two medium-sized rooms. There is a kindergarten and primary school, a dancing class, and two or three reading clubs among the children. From the beginning we have had a lecture course every winter. Among our lecturers have been Edward Everett Hale, Prof. John Fiske, Dr. George D. Herron, and Mayor Jones. We have musicales and sometimes dramatic performances. The workmen are organized into bowling clubs, which occupy the bowling alley every night throughout the winter and most of the time during the summer. Our baseball campus is occupied every Saturday afternoon and Sundays by the home and visiting clubs. We have several tennis courts and two large skating ponds. Every house has running water and electric light in it. We have no political organization. We have a school and library association which looks after the school and library and public grounds. There is no boss in any form. No resident has ever been asked to cut his grass or go to church or keep sober; and mainly, I think, for that reason, there has never been a fight or a drunk or any interference with the neighbor. The people of Edwardsville are welcomed to all of our attractions, and they use them cordially and freely. Because our yards are pretty, our houses and people neat, and our roads kept to perfection, they come to Leclaire to do their driving and wheeling and promenading. The making of an attractive village is really very simple. It only needs the opportunity, and then let people alone. At the start scarcely any of our people made any gardens; scarcely any planted flowers. They did not know how to do it nor care for it. By infectious example they now all have gardens and handsome yards. For 3 years I have

lived in the center of the village with my own family and my daughter's family. We all agree that we never had better neighbors than the factory workmen. My unmarried daughter teaches dancing to about 85 girls and boys, ranging in age from 7 to 16. She has two reading clubs and a sewing class. No more intelligent or better behaved children could be found in the West End of St. Louis or Murray Hill in New York or Beacon street, Boston. I have not learned of a single instance in which a family wanted to leave Leclaire. I am perfectly at home with the children, and I know they are enthusiastically fond and proud of their home. I regard Leclaire as the most important part of our profit-sharing venture.

Very sincerely,

N. O. NELSON.

On this 14th day of January, 1901, before me, a notary public for the city of St. Louis, appeared N. O. Nelson, to me personally known, and being by me duly sworn, acknowledged this to be his free act and deed.

[SEAL.]

WILLIAM H. BAKER,
Notary Public.

(My term expires September 26, 1903.)

AFFIDAVIT OF PROF. NICHOLAS PAINE GILMAN,

Author of "Profit Sharing," "A Dividend to Labor," etc., Meadville, Pa.

To the INDUSTRIAL COMMISSION, Washington, D. C.

DEAR SIR: I regret my inability to appear before your honorable body in person to testify concerning profit sharing, a subject to which I have given considerable attention in the past dozen years. In making out a brief statement on the matter, at your request, to be included in your report, I believe I shall do best to refer first, in general, to several writings which I have put forth on the subject, and then to give a few supplementary data and statements of opinion which may be of service to you.

"Profit Sharing between Employer and Employee," published in March, 1889, was chiefly intended to present in condensed and serviceable form the facts of the record of profit-sharing experiments in Europe and America, and this record formed the body of the volume. Introductory chapters on "The industrial problem," "Product sharing," and "The wages system in its various forms" were prefixed, and the historical record and the survey of the present situation were followed by two chapters containing a "Summary and analysis of experience" and "The argument for profit sharing." This volume has been allowed to stand unrevised to this day, as, for several good reasons, I have preferred to present later information and reasonings on the subject in other books. "Socialism and the American Spirit" (1893), Chapter IX, for instance, contained a discussion of "What profit sharing means" and a record of "Recent progress," in 1889-1893.

This discussion embodied the substance of an address given in Boston in 1890 and published the same year, on "Industrial Partnership or Profit Sharing: A Word to the Employer," copies of which have been furnished your honorable body. The chief point in this address was the fuller treatment than in the book of the argument that the employee should share losses as well as profits with the employer. To this method, which is a much longer step toward coöperative production than profit sharing is, as usually practiced, it would be essential that the employees should, in equity, have also a share in the commercial management of the business. To such a partnership the employer would decidedly object, but it would be only equitable if the employee were to share losses as well as gains, by deductions from his wages at the end of the year in case of bad times. Profit sharing is a limited arrangement to be considered on its own merits; profit-and-loss sharing is another matter, also to be considered on its peculiar merits.

In a third volume, published in November, 1899, and entitled "A Dividend to Labor: A Study of Employers' Welfare Institutions," the third part of the book, "A direct dividend to labor," contained two chapters on profit sharing. One gave comparatively full accounts of five prominent cases—the Baille-Lemaire

¹ This chapter was written without the aid of Mr. D. F. Schloss' valuable work, "Methods of Industrial Remuneration," which appeared in 1892 (third edition, revised and enlarged, 1898). Mr. Schloss treats the subject thoroughly, and he devotes considerable space to profit sharing.

² Extracts from the address referred to are given below in Exhibit A.

house of Paris, the Bourne Mills of Fall River, the Procter & Gamble Company of Cincinnati, the South Metropolitan Gas Company of London, and the N. O. Nelson Company of St. Louis. The second chapter gave a number of particulars concerning "Profit sharing to-day," and in Appendix II was a full list of profit-sharing firms. (I may say here that no especial pains had been taken to ascertain all the cases in the United States, and the list is therefore probably much shorter than it would have been had a careful investigation been made.)

I would especially invite your attention to Appendix III, a more detailed examination of "Cases of Abandonment of Profit Sharing in the United States" than it seemed desirable to place in the body of the book. Here I criticised the "statistical method" followed by Mr. Paul Monroe in a paper in the "American Journal of Sociology" for May, 1896, and insisted that the wisest way now is to study a few cases in which the system has had a full and impartial trial, and has then been continued or abandoned, as the case may be. Three or four years seems a reasonable length of time to fix as the minimum period in which the employers and the employees can be educated into a realizing sense of what the logic of profit sharing demands of both parties; and cases of shorter trial seem to be valuable chiefly as indicating too great expectations and obviously superficial attention to the history of this method of modifying the wages system.

In a review of "A Dividend to Labor" in the "Journal of Sociology" for November, 1900, page 418, Mr. Monroe travesties this argument, and states that I claim that "(2) any trial of three years' duration demonstrates that the scheme is a success." There is no justification for such a statement in my volume. On the contrary, the appendix in question treats several American cases in which the trial was made for three years or more, and then abandoned.¹

A brief paper by me on "Profit Sharing and Cooperation in the United States" was printed in the series of monographs on American Social Economics, issued for distribution at the recent Paris Exposition of Social Economy. As this was prepared for the press about the time of publication of the volume last named, it contains no new facts about profit sharing. Since returning from the exposition I have collected no new material, and therefore have no more recent information to offer for your consideration.²

Two or three observations, however, I would like to make. It is too often forgotten that profit sharing is a step to be taken by the employer. He is the person to be convinced of its feasibility and desirability. My own writings on the subject have, therefore, been primarily addressed to him. If anyone inquires why it is that profit sharing has made slow progress in recent years, it seems to me that the chief cause is the conservatism of the employing class. The system has had the hearty indorsement of many economists, and a large body of public opinion is favorable to it. The opinion of the trade unions is suspicious or hostile rather than friendly, and this fact seems to be one of the leading practical difficulties for an employer to overcome in working out the idea. But this hostility is by no means universal, and it remains to be seen, in any particular locality, whether it will yield before a campaign of education. Efforts at enlightenment, so far as books, at least, are concerned, have been directed to the employer mainly, and it is therefore employers who are responsible for the slow spread of the system. If it is a reasonable and practicable plan, employers who decry it must be rated accordingly; if it is unreasonable and impracticable, they should be praised for their opposition.

As my own interest in labor reform has been not so much to see any particular method for securing industrial peace prevail as to see such peace attained by the wider extension of friendly feeling and "the human touch" in industry, I have endeavored in "A Dividend to Labor" to point out to employers some of the ways to such peace, through other methods than formal profit sharing. Profit sharing may itself be ranked as an employer's "welfare institution," but there are other varieties of such institutions to which a cautious employer will more easily incline. These constitute a real, if indirect, dividend to labor, which might be informally given by successful employers who would shrink from committing themselves to any plan of regular profit sharing. My recent volume was intended to broaden the ground of my appeal to the employer, who would take a moral view of his unique function and his great opportunity. "Pay a dividend to the workman as well as to the stockholder; you will find such a policy wise as well as generous." Such is the broad position which seems to me, as in 1889, the best for the employer to hold.³ But whether this dividend shall be direct or indirect, it is

¹ Extracts from the appendix to "A Dividend to Labor" are given below in Exhibit B.

² The portion of the paper referred to which deals with "profit sharing" is given below in Exhibit C.

³ See "A Dividend to Labor" pp. 356-361.

for his own judgment and conscience to decide. My contention is that here we are dealing with a matter—the relation of employer and employee—concerning which conscience has something to say; that judgment without conscience will result in labor troubles to the end; but that judgment and conscience will result in peace and partnership in the world of industry, and that some form of a dividend to labor will probably be one factor in procuring such a happy result.

NICHOLAS PAINE GILMAN.

STATE OF PENNSYLVANIA, *County of Crawford, ss:*

Personally appeared before me, a notary public in and for the said county, Nicholas Paine Gilman, who, being duly sworn according to law, deposes and says that the foregoing statement as made by him is true and correct according to the best of his knowledge and belief.

NICHOLAS PAINE GILMAN.

Sworn to and subscribed before me this 26th day of December, A. D. 1900.

[SEAL.]

SARA N. JOHNSON, *Notary Public.*

EXHIBIT A.

INDUSTRIAL PARTNERSHIP OR PROFIT SHARING.

[Extracts from an address by Nicholas Paine Gilman.]

Profit sharing is the common name in this country for a business arrangement between employer and employee, which frequently receives in England the more comprehensive and more adequate designation of industrial partnership. Both words in this phrase need to be emphasized. It is to excite and maintain a real feeling of partnership in the mind of the workingman that the profit-sharing system is put into operation. If this friendly feeling result in a sincere interest in the success of the concern and greater economy, carefulness, and zeal on the part of the employee, then the method is a success, profit or no profit.

The system is not, and can not be, a commercial partnership, under which the workmen inspect the books at their pleasure and have a voice in the daily management of the business. It is an industrial partnership, under which the workman, in his own department—that of production or distribution—does his very best, stimulated by an expected bonus, to make a profit for the firm. The gain of the year, however, depends not only on good work by the employees, but very largely, it may be chiefly, on skill in the commercial management. With this management no system of industrial partnership allows the workman to meddle: he is not permitted to go to the accounts when he likes, or in any least degree to prescribe the business policy. In his own place, as a producer or distributor, he is to do his utmost. He will be aroused, if he has common human nature in him, by the prospect of a dividend on wages. Ample experience shows that the average workman thus makes his contribution in good years, and in bad years, too, toward the success of the firm. He can be punctual, careful, economical, in every way diligent, in a time of business depression, as well as in a time of prosperity. Every year the employee in a true industrial partnership is a successful maker of profit when compared with the ordinary wage earner, and so far as his own department and his own power and responsibility are concerned. In no year is he responsible for losses. He does, he can do, nothing toward incurring losses except through bad workmanship; and if he is a poor workman he should be dropped from the industrial partnership, if not dismissed altogether.

When the commercial management makes a profit, after the reserve fund and all other conservative charges have been met, a part of the surplus falls to the men, because good work on their part has enabled the firm to go into the market with a product well made. On the other hand, when the zeal of the employees and all the talent of the counting-room have been ineffectual to avoid losses in the market under adverse circumstances, the commercial partners promptly bear all the money loss. The workman was invited to do his best, like one really interested; and he was promised a share in the profits, if any were made. He took the risk, and he did his part, under the sensible limitations and conditions imposed by the firm. His responsibility must in reason and equity be measured by the power allowed him. Give the body of workmen, in a shoe factory or a flour mill where they think of practicing profit sharing, the right to examine the books at

any time; give them a powerful voice in shaping the business policy; let them command when to buy and where to sell—then you can reasonably and equitably ask them in a bad year to bear a share of the money loss out of the wages and bonuses received. But, however such an arrangement might work, it is not the actual or historical system of profit sharing or industrial partnership; it is an entirely different system.

The industrial partnership method which has behind it so conspicuous a record of success, and which is to-day in operation with more than two hundred firms and corporations, at home and abroad, in a great variety of business, is a strictly limited and well-defined scheme, essentially different from productive coöperation as well as from the pure wages system. These limitations belong to its very nature; but they are entirely disregarded by the critic who asks, "Why should the workman share profits and not share losses also?" This, the most common of all objections to the profit-sharing plan, must be seen to be entirely superficial, and quite wide of the mark, when we consider that the partnership, into which the employer himself invites the men, is industrial, not commercial; that he surrenders, in no manner or degree, his absolute control over affairs; that he is just as much of an autocrat as he was before: that he keeps his books entirely free from troublesome inspection; that he fixes himself the percentage of the bonus on wages, after he has calculated the average profit of a series of years, good, bad, and indifferent; that he is to pay this bonus in prosperous times only, when it has actually been realized; and that he is not to pay it in any year until a proper contribution has been made to a substantial reserve fund. When we attend to all these points, there appears a plain element of absurdity in the objection to industrial partnership, that it does not require the workman to contribute toward losses out of his savings or his wages.

It is perfectly true that the strain comes upon the method of industrial partnership in years when the men have been doing well in the productive department, and have actually on their side made their due contribution toward realizing a good profit (in comparison with what they would have done under the simple wages method), and then learn that they will receive no bonus because the commercial department, for which they are in no respect responsible, as they have no power in it, shows a loss. The test of the workmen comes, indeed, when they are thus disappointed of a bonus for which they had hoped. But is it not a time of strain for all, from the partners in the firm down? The critics of industrial partnership, who prefer the ease of prophecy to the work of studying facts of record, tell us that the workman at such a time will sulk, will "kick," will strike, will, in short, make all manner of trouble, because he is so stupid that he can not understand for himself the reasons given why no profit could be made that year, and so suspicious that he will not take the word of the most honorable employer, or the expert accountant called in, to the effect that no profit has been realized. * * *

But those critics of industrial partnership who prophesy that the workmen will at once depart from their sound mind forget the difference between an intelligent artisan and a naked Maori. The sharing of profits is, then, we must remember, but one feature, however important and agreeable, of the system of industrial partnership. From the very nature of the method, the sharing of losses by the workman out of his savings, in bad times, would be irrational and unjust; he loses, and properly loses, only the bonus which he has actually earned. Having thus attended to the principal objection made against profit sharing by those who know little or nothing about it, I pass to a brief summary of the claims of the method upon the careful attention of every employer of labor. * * *

The man who first thoroughly carried out the system of participation—the division of realized profits between the capitalist, the employer, and the employee, in addition to regular interest, salary, and wages, was a practical painter and decorator, at the head of a large business in Paris. When a friend suggested to M. Leclaire, in 1835, that the only way to provide for the future of his workmen, as he desired, was to divide his profits with them, the proposition, he says, "appeared to me entirely impracticable. I rejected it emphatically." But all at once, 5 years later, he perceived that he might have made a great mistake in his reasoning. He could not afford to take out from his average profits a sum sufficient to help his workmen much. But would not an industrial partnership "create, by the common effort, in view of the division of profit, and with the energy so called forth," a further return beyond the average, which would not only pay the workman a bonus, but might even increase the profit of the employer? Are there not, in the common workman, moral qualities to which the simple wages system makes slight appeal, because it leaves the inspiring word "profit" out of

the workman's vocabulary, with all its implications of ambition, zeal, and persistence? Would not the prospect of a share in the profits of business advance the prosperity of an establishment by increasing the quantity of the product, by improving its quality, by promoting care of implements and machinery, and economy of materials, and by diminishing labor difficulties and the cost of superintendence? Leclaire tried the experiment cautiously, beginning in 1842, after due preparation; and he soon found that all these questions were answered by experience with a decided affirmative. He went on applying and improving his system for 30 years with entire success. The Maison Leclaire stands there to-day in Paris, after 48 years of profit sharing, perhaps the most admirable industrial organization on the planet. One of the greatest distributive establishments in the world, the Bon Marché of Paris, employing 8,000 persons and doing a business of \$30,000,000 a year; the immense Chaix printing house, of Paris; the great Godin foundries at Guise, with a capital of 6,000,000 francs, and the Laroche-Joubert paper works at Angoulême, with its 1,000 employees, are 4 of the 75 or more French houses that are now successfully applying this principle of allowing the workmen a share in the profits, in addition to current wages, always the highest paid.

Conceived by a business man of uncommon sagacity, the method has received practically the unanimous indorsement of the political economists, from John Stuart Mill down to Professor Marshall, of Cambridge, England. * * *

Profit sharing is a profoundly conservative movement. It attempts to recall, as far as is possible under the changed conditions of modern industry, the old sentiment of partnership felt when the shoe manufacturer in his small shop worked at the same bench with his few employees, or when the farm was let on shares, or the catch of the fishing schooner was apportioned among the crew. We can no longer divide the actual products of industry among the workers. But we can modify the wage system, and strengthen it at a weak point, by adding to fixed wages a variable bonus, dependent on the workman's zeal.

Industrial partnership, again, has this singular advantage over the socialisms of the day, and even over the more sober scheme of productive coöperation: It pays due respect to the two great principles of modern society which must find a *modus vivendi*—democracy and aristocracy. The varied, perpetual, and innumerable labor troubles of our time mean fundamentally this one thing—that the democratic spirit has invaded the industrial world. The majority are in revolt there against the aristocratic régime formerly unquestioned. Universal suffrage and political democracy have forcibly suggested, not to workingmen only, but also to many of the more prosperous classes, a false analogy between government and industry. If the one can be carried on by counting hands, then why not the other? Why should there not be industrial democracy as well as political democracy? Why should not the factory and the counting room be conducted on republican principles? Why not, indeed, except for the one fact that human nature has not been developed on the line of uniformity of mind and equality of talent! Fight against it as we may, there is a natural aristocracy of the best in character and ability, the true *aristoi*. * * *

Will you try to conduct the iron foundry as you would a caucus, or manage the printing house after the style of the town meeting? In fact, in this America, where a career is so open to talent, our political equality is matched with the strictest aristocracy in business. Ability on top, the leaders to the front, if a railway is to serve the public well or the cotton mill is to clothe it cheaply! No talent is rarer than the ability to conduct successfully a great industry with the autocratic power that is for the good of all. The most rampant American in politics has the practical sense to confess, admire, and follow business "faculty" when he sees it. "One man is as good as another" is only true in the industrial world with Patrick's wise amendment, "Faith, and a good deal better."

The profit-sharing system leaves undisturbed this natural aristocracy, which we find so fully developed here in our Republic. It respects the plain superiority of head over hand, as being good for both. It preserves all the motives to enterprise in the employer which now rule him and call out his full power. But it would respect these same motives in the wage earner, and would give him, too, a reason for playing his part like a man in a true partnership. "How to reconcile despotism with freedom," said Carlyle, who recognized that "despotism is essential in most enterprises," "well, is that such a mystery? Do you not already know the way? It is to make your despotism just. Rigorous as destiny, but just, too, as destiny and its laws." This problem of reconciling the natural and necessary aristocracy of the ablest brains in business with the true democratic sentiment that rests on the great and inspiring thought of our common humanity and brotherhood is solved in no small degree by the system of industrial partnership. On the justice which it does to these two great facts and sentiments of our nature

I base my confidence in its steady diffusion, content to leave to time and experience the determination of its usefulness. * * *

Profit sharing has this great recommendation to the employer: It is entirely in his own hands. He must begin it. He may form and reform it, to suit his industry; and he can continue it or end it, as he is satisfied, or not, with the results. This being so, there is now no good reason why he should not at least understand its principles and make himself acquainted with its record. It is fully time that the employing class, as a whole, should do something more toward the fundamental and rational settlement of labor troubles than simply to resist organizations of workmen conscious of their power, but not yet wise enough to use that power wisely. * * *

Thus, then, I conclude: This duty is to-day upon the employer, to meet the rash and unwise deeds of the workmen with wise forward steps of his own. Such a step is the industrial partnership, which keeps the workman in sight all through the whole business year, and rewards his zealous pains with a dividend measured by his wages. Such a step has paid, in every sense, in the great majority of actual instances. It "pays" because in the industrial world, as everywhere else in human concerns,

"All are needed by each one."

EXHIBIT B.

CASES OF ABANDONMENT OF PROFIT SHARING IN THE UNITED STATES.

[Extracts from "A Dividend to Labor," by N. P. Gilman, Appendix III, pages 381-387.]

In "Profit Sharing between Employer and Employee," published in March, 1889, I devoted some 15 pages (345-360) of Chapter VIII, on "Past Profit Sharing," to American instances of abandonment of the scheme after a longer or shorter trial. The general table in which these 13 instances were included was entitled a table, not of *failures*, but simply of "cases in which profit sharing has been tried and is not now in force." * * *

If time and patience and education are needed to give profit sharing a reasonable and fair trial, it is plain that, interesting as these facts of record are, but a small number of the cases thus brought together, simply under the common rubric "ceased to be," have much enlightenment for us as respects the merits or demerits of this modification of the wages system.

If it would be illogical to set all these 13 cases down as instances of "failure," still more illogical in several respects is the statistical method pursued by Mr. Paul Monroe in his paper in the "American Journal of Sociology" (May, 1896). Under the proper caption, "Cases in which Profit Sharing has been abandoned," he summarizes briefly the foregoing 13 instances and adds 20 cases more of a later date than 1889. * * *

A critical examination of Mr. Monroe's other new cases, 18 in number, shows that in 4 cases the results were satisfactory to the employers, but profit sharing was abandoned because of a change in the ownership of the business. * * *

Of Mr. Monroe's cases 14, then, remain; of these 1 was an instance of but 1 year's trial. This was the Watertown (N. Y.) Steam Engine Company, which paid a dividend in 1891, but did not continue the experiment, though "quite willing to believe" that the men would have been educated in time to do much better than the majority did. Even shorter trials—of 6 months' duration only—were made by the Malvern (Ark.) Lumber Company (1894), and Heywood & Co., shirt manufacturers (1895). * * *

Another instance of impatience for results is that of Siegel, Cooper & Co., of Chicago, who adopted a plan in 1892 modeled after the Bon Marché, but soon abandoned it. The Wright & Potter Printing Company, of Boston, Mass., tried for 2 years a plan for dividing a fixed percentage of profits among the deserving men of their force of 150; results not being satisfactory, the company now restricts the distribution to foremen and heads of departments.

If we fix, as we may well do, upon a term of 3 years as the shortest period for which a trial of profit sharing should continue in order to give any considerable instruction as to the strength or weakness of the system, we have left in Mr. Monroe's list 9 instances of abandonment of profit sharing in 1889, or, subsequently, as important to consider; these are all cases mentioned by me as in operation. Of these, when discontinued, 5 had continued for 3 years, 1 for 4 (?), 1 for 5, 1 for 6, and 1 for 7 years. * * *

From this careful review of Mr. Monroe's list of cases of abandonment one may see how misleading were the newspaper paragraphs founded upon it to the effect that in two cases out of three in the United States profit sharing has proved a failure. For this misapprehension Mr. Monroe was largely responsible, since in the "summary" at the end of this article, he says: "Of the 50 firms which have adopted the system, 12 continue it, 5 have abandoned it indefinitely, and 33 have abandoned it permanently. . . . The third class vary in length of trial from a maximum of 8 years to a minimum of six months; the majority having tried it for a period of from 2 to 3 years. * * *

Mr. Monroe also says: "As to a fundamental principle the large majority are of the opinion that such a plan results in a financial loss to the employer, he being recouped, if at all, in non-computable ways. Those which continue the plan do so not as a matter of philanthropy, but as a matter of justice if not of business. These are about equally divided in their opinion as to the direct financial benefit of the plan to the firm." The value of the generalization in the first sentence here is vitiated by the inclusion of so many cases in the article which do not deserve consideration, if for no other reason, because of the brevity of the trial, the majority having tried the system "for a period from 2 to 3 years."

The conclusion which it is actually safe and reasonable to draw from American experience in profit sharing is that in numerous instances the plans of the employers made no provision for a trial of sufficient length to insure the education obviously needed. Various mistakes in detail and several external causes not connected with profit sharing, and not always likely to be encountered, have been responsible, largely, for several important failures in the comparatively small number of instances in which, after a wise, long, and patient trial, the system has been abandoned as impracticable.

EXHIBIT C.

PROFIT SHARING AND COÖPERATION IN THE UNITED STATES.

By NICHOLAS P. GILMAN.

[Prepared for the Department of Social Economy for the United States Commission to the Paris Exposition of 1900.]

The present paper is intended simply to give a few important particulars concerning profit sharing and cooperative production and distribution as they exist in the United States to-day (November, 1899), without entering into history or argument. The long depression in business from 1893 to 1897 caused the abandonment of a considerable number of cases of profit sharing given in lists published in 1889. The instances known to be in operation to-day (no attempt has been made recently to take an exact census) are given in the following table:

UNITED STATES OF AMERICA.

Date.	Name.	Business.	Bonus.
1872	The Riverside Press, Cambridge, Mass.	Publishers	Cash.
1878	Peace Dale (R. I.) Manufacturing Co.	Woolens	Do.
1879	Rand, McNally & Co., Chicago	Publishers	Do.
1881	Century Co., New York	do	Do.
1882	Millsbury Flour Mills, Minneapolis	do	Do.
1885	Columbus (Ohio) Gas Co.		
1886	H. K. Porter & Co., Pittsburg	Light locomotives	
1886	N. O. Nelson Manufacturing Co.	Brass goods	Do.
1886	Rumford Chemical Works, Providence, R. I.		Do.
1887	Rice & Griffin Manufacturing Co., Worcester	Moldings	Do.
1887	Proctor & Gamble Co., Cincinnati	Soaps	Do.
1889	Bourne Mills, Fall River	Cottons	Do.
1890	P. N. Kuss, San Francisco	Painter	
	Public Ledger, Philadelphia		
1890	Solvay Process Co., Syracuse, N. Y.	Soda ash	
1892	Ballard & Ballard Co., Louisville, Ky.	Flour mills	Do.
1895	Acme Sucker Rod Co., Toledo, Ohio		
1897	Broadway Central Hotel, New York		
	The Hub Clothing Store, Chicago		Do.
	The Roycroft Press, East Aurora, N. Y.		
	South Carolina Savings Bank, Charleston		
1898	Baker Manufacturing Co., Evansville, Wis.	Windmills	Do.
1899	Columbus (Ohio) Traction Co.		

Profit sharing is usually held to mean in the United States the division among the employees at the end of the year of a portion of the gains realized in the business, without much regard being paid to the degree of definiteness of the agreement so to divide. The definition given by Mr. D. F. Schloss¹ should not be allowed to exclude cases where profits are actually divided by a firm year after year, though the share of the workman is not "fixed beforehand." The above list will be seen to include several cases which might be strictly called instances of indeterminate profit sharing. There is a very considerable number of houses in the United States whose welfare institutions for their employees could be properly styled "collective profit sharing," although these concerns do not themselves use the term. In *A Dividend to Labor* some 70 such concerns are described more or less fully. Profit sharing, philosophically considered, is an employer's welfare institution, and various forms of this shade off into profit sharing proper.

Comparatively numerous cases of abandonment of the plan of sharing profits with the employee have to be chronicled in the United States. But a large proportion of these are instances in which nothing like a thorough trial of the system was made. Some have been cases in which the advertising motive was conspicuous. In others there has been a general feeling of good will on the part of the employer, but almost absolute ignorance as to what has already been done in the field. Hence, he commits mistakes against which a slight knowledge of the experience of others would have warned him. The firm which takes up profit sharing seriously should make up its mind to a patient trial of the new way for a term of years; it should be willing to learn from experience, and fully realize that education is necessary for both parties that they may not cherish unreasonable expectations, and may learn to live up to the moral demands of the new situation. The influence of the trade unions, under a mistaken feeling of hostility to the scheme, has caused the most difficulty to the profit-sharing employer in the United States; it is specially illustrated in the case of the Ara Cushman Company of Auburn, Me., where a very sincere and intelligent trial of profit sharing had to be given up after 6 years.

The three most prominent cases of profit sharing in the United States to-day are the Procter & Gamble Company, of Cincinnati, Ohio; the N. O. Nelson Company, of St. Louis, Mo., and the Bourne Mills, of Fall River, Mass. These three companies illustrate forcibly the right way of doing things, and their persistence has been rewarded with conspicuous success.

The Procter & Gamble Company, with \$4,000,000 capital, has 30 large, handsome buildings for the manufacture of soap, candles, and glycerin at Ivorydale, a suburb of Cincinnati. It employs some 600 persons at the works and 100 in the Cincinnati offices and as traveling agents. Soap making is comparatively a business for unskilled labor; wages are low for this cause, \$10 a week being the average for men, \$4.75 for women, and \$3.50 to \$7 for boys. After having had much trouble with its employees in 1886, 14 strikes for all sorts of trivial causes having occurred, the firm adopted profit sharing in 1887, the workmen's share being in the same proportion to the entire profit that wages bear to the total cost of production. The first 3 dividends, running from 9.33 per cent to 13.47 per cent on wages, did not have much good effect on the morale of the force: so the company classified the men in 4 divisions and made the reward proportional to the interest they showed in their work. This plan succeeded perfectly, and indifference entirely disappeared. In July, 1890, when the firm became a stock company, the plans were changed so as to pay the workmen the same dividend on their wages that the stockholders receive. This has averaged 12 per cent since January, 1891. The classification was given up, having fully accomplished its purpose; 92 per cent of the workers are now participators. Arrangements are made to facilitate the purchase of stock by the workers. There is a pension fund which had only 1 pensioner on its rolls in January, 1899. The company has had no labor troubles since adopting profit sharing, and considers the plan a financial as well as a moral success.

The N. O. Nelson Company, of St. Louis, manufactures chiefly brass goods and material used by plumbers. It began profit sharing in 1886 with its 400 employees. The company, having thoroughly tested the scheme, has been developing it in the direction of coöperative production. At Edwardsville, Ill., it has established the industrial village of Leclaire. It has there 6 factories of model construction. The majority of employees are shareholders, the entire bonus being paid in stock since 1890. The bonus has varied from 5 to 10 per cent between 1886 and 1896, there being no bonus to pay in 2 of these 11 years. Since 1892 wages have received twice the rate that capital has, or above 6 per cent interest. The company pays whatever

¹ *Methods Of Industrial Remuneration*, p. 247.

sums are needed in cases of sickness and disability, charging the amount to running expenses, and it aids the families of deceased employees. A comely village adjoins the factories; the company makes house building easy, and maintains welfare institutions. The cabinet shop is now in process of becoming a purely coöperative concern, under favorable terms from the company, which practically secure the men interested against failure. The company will offer as easy terms to men in other shops whenever they wish to become, gradually, their own employers.

The experience of the Bourne Mills, located in Tiverton, R. I., just over the State line from Fall River, shows the great importance of education in profit sharing. The company adopted the system for a 6 months' trial in 1889, after a thorough study of the matter. In the 10 years since, the directors have voted its continuance 14 times, as a good business policy. There are some 400 employees; faithful work for 6 months qualifies one to become a participant in the bonus, which bears a certain proportion to the dividend paid to the stockholders. The total bonus is not less than 6 nor more than 10 per cent of the amount paid to the stockholders. The semiannual dividend has varied from 2 to 7 per cent, the average being 3.3 per cent. Wages have steadily risen, and employment has been almost constant. Between 1889 and 1895, inclusive, the Bourne Mills have paid nearly twice as large dividends as their competitors. The plan has never "been more satisfactory than at the present time." The treasurer of the company has taken great pains to educate the force to understand the logic of profit sharing.

PHILADELPHIA, PA., *December 17, 1900.*

TESTIMONY OF MR. THEODORE JUSTICE,

Wool merchant, Philadelphia.

The subcommission met at the rooms of the Manufacturers' Club at 10.30 a. m., Mr. Clarke presiding. At 3.40 p. m. Mr. Theodore Justice was introduced as a witness, and, being duly affirmed, testified as follows:

Q. (By Mr. CLARKE.) Please give your name.—A. Theodore Justice.

Q. Post-office address.—A. Philadelphia; No. 122 South Front street.

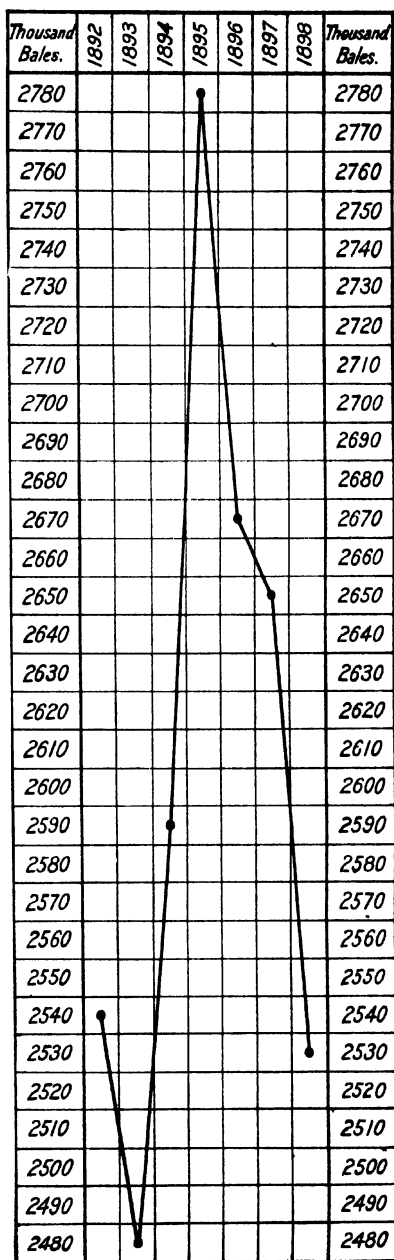
Q. And occupation.—A. Wool merchant.

Q. We will be glad to have you proceed in your own way.—A. My subject will be the attacks upon American industries, which threaten them. In the first place, Mr. S. N. D. North, the secretary of the National Association of Woolen Manufacturers, has issued in advance a paper on the United States wool clip of 1900, with statistical tables. It will appear in the December bulletin of the National Association of Woolen Manufacturers. It is a very able article and it has aroused a good deal of criticism, owing to the fact that he points out that the consumption per capita of wool by the people of the United States has fallen from 9.07 pounds in 1890 to 6.7 pounds in 1900. He is discussing only the American relation of consumption to the wool supply. He ignores similar conditions in the outside world, but free-trade newspapers have taken advantage of his statements to assume that this decrease in the per capita consumption of wool is due to conditions peculiar to the United States only, and thereby they draw conclusions, which are not correct, as to the efficacy of the American protection to American industries. What I propose to show is that Mr. North's figures relate in a larger degree to the whole outside world, and that the decrease in consumption in the United States has been a smaller decrease in the use of wool than has taken place elsewhere. He draws his conclusions from the fact that the American supply of wool has not increased in proportion to the increase in population. Without the slightest thought or suspicion that any free-trade argument would be made of his figures, he made no allusion whatever to similar conditions, much more greatly exaggerated, in the outside world. The main source of the world's clothing wool supply is the Southern Hemisphere, the Argentine Republic (which is commercially designated as the River Plate district), Cape of Good Hope, and Australasia.

I submit Diagram A, showing that in 1892 these countries combined exported 2,540,000 bales of wool. It all comes north; all comes out of those countries; there are no manufacturers there; therefore their exports constitute their production. It has to find a market in the Northern Hemisphere. The increase by 1895 had reached 2,780,000 bales. In 1895, owing to the low price of wool all over the world, wool growing became unprofitable, and the flocks of sheep

DIAGRAM A.—Total wool supply of River Platte district, Cape of Good Hope, and Australasia, for the years 1892 to 1898, inclusive.

(From Messrs. Helmuth Schwartz & Co's London Wool Report, December, 1898.)



were fattened, and found their way to Europe in the form of frozen carcasses, an industry which has extended rapidly; and it is making great inroads into the sheep production in countries which are the main source of the world's supply of clothing wool, so that in the year 1890 the world's production of wool had decreased to 2,530,000 bales. That is less than the quantity that was produced in 1892. During that time the population of the world had been increasing, so that the conditions which Mr. North describes as existing in the United States, you will find exist to a larger degree in the outside world. Our wool production is increasing, but it has not increased as fast as the population, and he draws his conclusions from American conditions. Now, if the decrease in the wool consumption per capita in the United States had dropped from 9 pounds and a fraction in 1890 to 6 pounds and a fraction in 1900, where our production is increasing, you can see how much greater must have been the decrease of the wool consumption in the outside world, where the world's wool product has decreased instead of increased. You will notice that these countries whose wool crops have decreased are all free-trade countries; they have no tariff. There never has been any decrease in wool in the United States except in the years when we had no tariff, and in the years when we had, our flocks have increased. Now, I make this comparison with the outside world to show that the tariff is in no way a disadvantage, as some of our newspapers, based on Mr. North's statement, try to make it appear. The condition in the United States is vastly better than similar conditions in the outside world. I introduce Diagram A here to illustrate this statement.

While I am on the same subject I will show you, by Diagram B, how the wool crop of the United States has increased under protective tariffs, more rapidly than in any other nation in the world. I allude to this question of tariff because already insidious attacks are beginning to be made upon it, and those who disapprove of the tariff take advantage of such circumstances as Mr. North's statement to prove that the tariff is a disadvantage to us. I will go back to conditions that existed in the United States from 1873 to 1884. During that period the Australasian wool clip—free-trade country—had increased 64 per cent; the Argentine Republic, another free-trade country, increased 35 per cent; the Cape of Good Hope, another free-trade country, increased its wool clip 60 per cent. These were countries that had no tariff to foster or stimulate the wool industry. The increase here at the same time was 100 per cent. Under the tariff of 1867 we beat the world.

I take the period of 1873 to 1884 because it covered the time that we had the highest tariff on wool that we ever had in the United States.

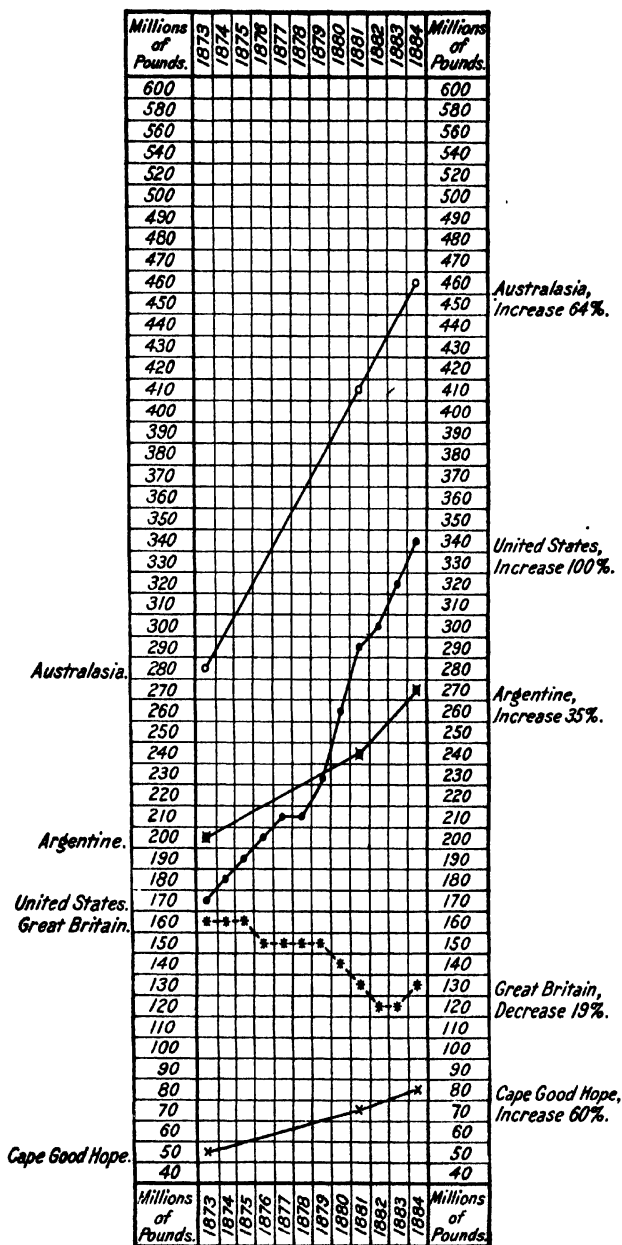
The next country is Great Britain, where conditions are similar to those in the United States. The Southern Hemisphere countries that I have alluded to have the advantage of perennial pasturage; the sheep graze all the year round, and they do not have to be housed in winter, and do not have to be fed grain in winter, as is the case in the United States. They have a great advantage. They are free-trade countries, and they did not increase their wool production, as stated. I now take Great Britain for comparison with the United States during that same period, because the climatic conditions there are the same as they are with us; the sheep are housed in winter and are fed crops; the crops are labor; the cost of the crops is the tilling of the soil, planting, and harvesting. Allowing 10 per cent for interest and taxes, the remaining 90 per cent of the cost of raising wool in the Northern Hemisphere is labor. In Great Britain during the period under review, from 1873 to 1884, the wool clip decreased 19 per cent. There is one free-trade country where there has been a decrease where the climatic conditions are similar to those in the United States. During that period, from 1873 to 1884, we were under the tariff of 1867. The duty on wool was 12½ cents a pound. It was the highest wool duty we have ever had, and while these other free-trade countries have slightly increased the clips, and Great Britain has decreased, the United States doubled its wool product; it increased 100 per cent. I mention that to show that with an adequate protective tariff for wool our flocks increase so rapidly that if they were undisturbed by political tariff changes we soon would be able to supply our entire wants.

Q. (By Mr. FARQUHAR.) What is the present tariff?—A. The present tariff is 11 cents per pound on the same class of wool. It is smaller than it was under the tariff of 1867, but is the same as the McKinley tariff of 1890.

Diagram C shows the effect of the tariff legislation upon the number of sheep grown in the United States, or, in other words, the sheep industry, which of course is collateral with the wool production. The wool production increases or decreases as the number of sheep increase or decrease. In 1890 we had in round figures 40,500,000 sheep in the United States. It was under that same tariff law of 1867, when the duty was 12½ cents a pound, and in 1884, 1 year after it was repealed, before the effect of its repeal had been felt upon the wool industry, we

DIAGRAM B.

EXPLANATION.—Diagram showing the wool production for the years 1873 to 1884, inclusive, of Australasia, Argentine, United States, Great Britain, and Cape of Good Hope.



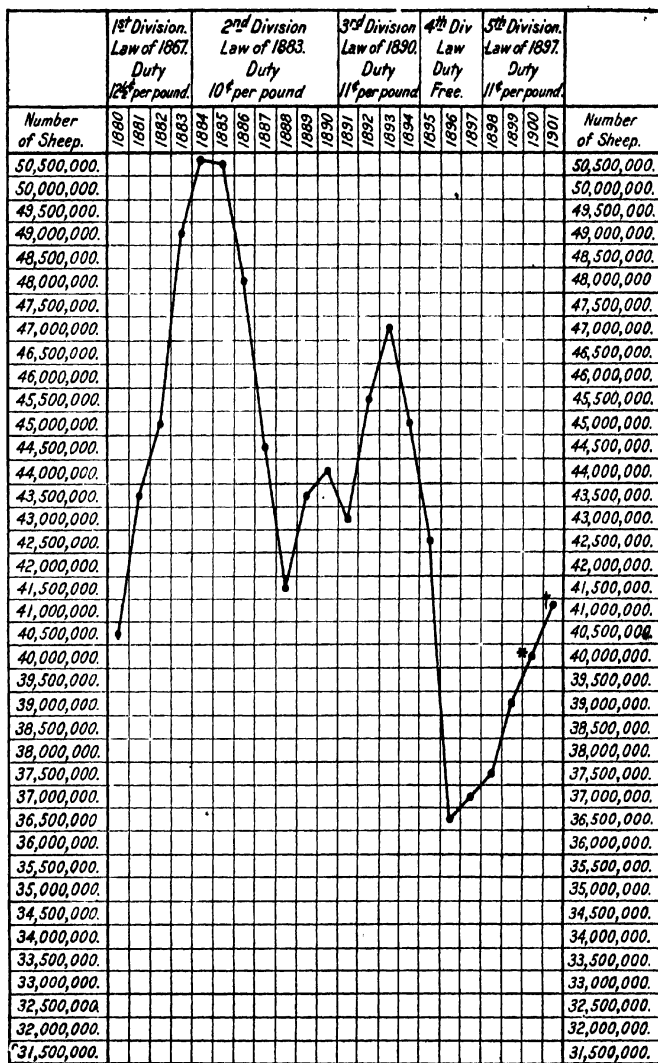
had 50,500,000 sheep, the largest number ever possessed by the United States; and the increase during those 4 years, 1880, 1881, 1882, 1883, and 1884, the early part of 1884, before the new tariff went into effect, we had increased our flocks 25 per cent; so that in about 16 years, if there had been no interruption to that rate of increase, we would have produced more wool than we could have consumed; but the tariff law of 1888 was passed, which reduced the duty to 10 cents per pound, which was inadequate protection, and the effect of it is immediately seen in the decrease of our flocks. In 1888, when President Harrison was elected, the flocks had decreased from 50,500,000 to 41,500,000, a decrease from 1885 to 1888 of 17.8 per cent. Now, the proof that it was inadequate protection that caused this decrease in this American industry is shown in the fact that as soon as Harrison was elected it was confidently believed and asserted that adequate protection would be given to woolgrowing, and the McKinley law was the culmination of that promise, and the flocks began to increase from 41,500,000, which was the number when General Harrison was elected, up to 47,000,000 in 1893, when President Cleveland issued his famous message declaring that the central idea of his policy would be raw material. During that period, under the promise and fulfillment of the McKinley Act, this industry of the United States increased 13 per cent. Of course you all know what took place in 1893—the Wilson tariff act was formulated. The President had both branches of Congress with him, and the handwriting was on the wall—the wool industry of the United States was doomed. The farmers began to fatten the sheep and they were sold to the butcher, and from 1893 to McKinley's election in 1896 the flocks had decreased to 36,500,000—a decrease of 19 per cent. McKinley was elected then, and it was known that the tariff law would be altered and that there would be protection given to sheep, and the number of sheep began to increase at once, even before the Dingley Act was passed, so that from 1896 to the present year, 1900, flocks had increased 9½ per cent, or from 36,500,000 to 40,000,000; and if they continue to increase at the same rate, and the present tariff law is left undisturbed, by 1901 we will have 41,000,000, and in about 10 years we will get back to the number that we had in 1884 and 1885, when the first assault was made on the wool industry. It has been a political question since 1883.

Q. (By Mr. CLARKE.) I wish to know, in that connection, how many sheep it will require at the present clip, present weight of the fleece, to supply the normal American demand?—A. We consume to-day about 500,000,000 pounds of wool, in the condition in which it is marketed by the farmer. It would take probably 60,000,000 sheep to produce that. Each sheep produces between 8 and 9 pounds of wool, taking the country through, and when we reach about 60,000,000 sheep, 10,000,000 more than we had in 1884 and 1885, we will then supply our own needs.

Q. At the present rate of increase, then, it would take about 20 years?—A. It would take about 20 years. The thing that hinders the increase in wool is the demand upon the young stock for mutton purposes. The market for lambs is so good, and the price which the grower gets for his young animals is so high, that very few farmers can resist the temptation to sell young stock. In some of the Territories Swift & Co. and other large establishments gather them up by the hundreds of carloads. One of my friends in Nevada sold for \$70,000 his year's growth of lambs. I remarked that it was not very promising for increasing the wool clip of the United States if the young animals were sold and only the old ones left on the ranches and farms, because in time they would die and there would be no new animals to take their places, and in time our wool clip would decrease. He says, "We all realize that, and are very reluctant to part with our young animals, but the demand for lambs is so great that we find it profitable to let them go, and this year (that was last year) I refused to sell lambs at any price." He felt he was in need of them. He is one of the largest woolgrowers in the State of Nevada, but his experience is an average of that of all of them in the States east of the Mississippi, where there is a good market at the farmer's door for lambs. Near the towns and smaller cities it is exceedingly difficult to get much increase. The business, since the tariff has raised the price of wool and sheep, has doubled from the lowest free-trade period. The farmers have such a demand for the fat sheep that it is hindering the increase. That is likewise the cause of the very slow increase in the outside markets of the world. It is not a question of tariff there; it is a question of profit. I have shown you how the wool clip of the Southern Hemisphere, taking the whole of it, is decreasing, because the animals that were held for wool are decreasing; they are being fattened for market.

Q. Are most of the clothing-wool sheep in this country also good mutton sheep?—A. The best mutton sheep are what we call half-breeds. The bulk of the wool clip of the United States comes off of what is known as Merino sheep. They are very good food, but not so luscious as the half-breed. Of late years there have been imported enormous quantities of English rams, and they have been

DIAGRAM C.—Number of sheep grown in the United States, under different tariffs, since 1880.



EXPLANATION.—The number of sheep grown increased 25 per cent in the four years ending 1884, under the law of 1867. Under the law of 1883 it decreased 17.8 per cent in the four years ending 1888. It increased 13 per cent in the five years following Harrison's election; and decreased 19 per cent in the three years following Cleveland's election; and increased 9½ per cent in the four years following McKinley's election.

* Estimate of National Association of Woollen Manufacturers for April 1, 1900.

† Estimate of number of sheep in United States in 1901.

crossed on Merino flocks, and they produce most excellent mutton sheep and produce a medium grade of wool known as half-blood merino, so that that class of sheep produces a fine quality of wool and at the same time is a desirable animal for mutton purposes.

Q. Do you think there is a large and rapidly increasing consumption of mutton in this country?—A. It appears to be increasing all over the world. The refrigerating process has been the cause of that. Sheep can be slaughtered in enormous amounts and the carcasses can be frozen and they are no longer perishable property, and they can be held until there is a demand for them. When the price is low, the large establishments buy the animals and freeze them. That is done to an enormous extent in the Southern Hemisphere. The bulk of them find their way to Europe. The Government of the United States is buying meat in Australia for its army in the Philippines. It is freezing the meat and it is preserved by this refrigerating process until the soldiers are ready to consume it. Without that modern method it would be impossible to convey the meat to the soldiers, because it would spoil in a day or two after it was slaughtered in that hot climate.

Q. How long has this refrigeration and exportation in that form been practiced?—A. It was a very small industry in 1892. It began to increase rapidly from 1895. Diagram A shows the effect of the refrigerating process on the world's wool production. The drop in the quantity of wool exported from the Southern Hemisphere corresponds with the enormous slaughter of animals frozen for the meat markets of Continental Europe.

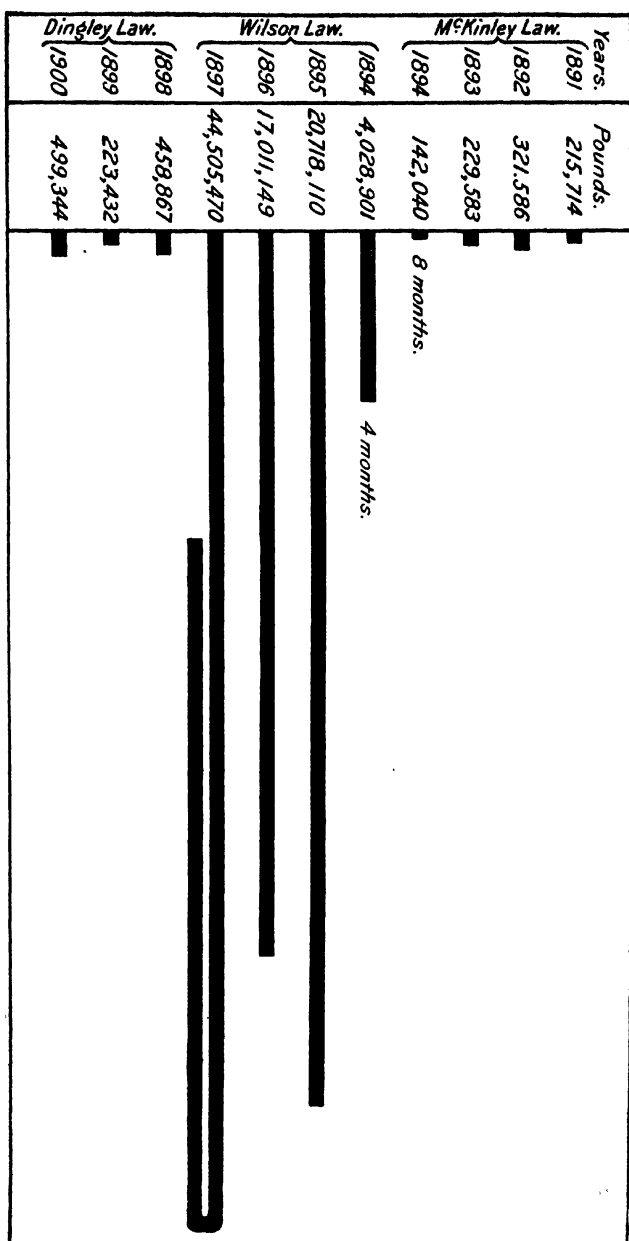
Q. When you speak of that decline in the consumption of wool, does that mean that the people are actually wearing less wool than they wore before?—A. It means that, but it is not a local condition; it is world-wide. New methods of manufacture have been discovered by which cotton can be very successfully mixed with wool without in any way deteriorating the wearing quality of the fabric. Methods of manufacture that were not known in this country, but which existed in Europe previous to 1895, have come here. Our manufacturers learned of that process during the free-wool period—during the period of the Wilson tariff law. It occurred in this way: The American manufacturer was given free raw material by the Wilson tariff law. Likewise the consumer was given a cheaper cloth by an enormous reduction in the duty on the cloth. The result of that was that our markets were flooded with the product of the foreign manufacturer, and our mills were shut up. The manufacturers who could survive found what they had to compete with. They had to make woollen cloth a large percentage of which was cotton and shoddy. There never had been so much pure wool used in any country in the world outside of the United States as here up to the time of the passage of the Wilson tariff act. Then we came face to face with cotton-mixed and shoddy-mixed goods, and our manufacturers had either to close their mills or do the same, and they learned the lesson, and it has come to stay, and the decrease in wool consumption is largely owing to that circumstance. The manufacturers can make good fabrics entirely of wool; they can make another, partly of cotton, which will look as well as wool, and wear as well—by the admixture of 10-cent cotton instead of 60-cent scoured wool. They can cheapen the product without injuring its appearance.

Diagram D represents the imports of shoddy and wastes since 1891. Under the McKinley tariff there was a duty upon shoddy and we brought out only 215,714 pounds. In 1892 it increased to 321,586; and in 1893 it was 229,583. In 1894 it fell off during the 8 months of the McKinley Act to 142,040. In August of that year it was followed by the Wilson tariff law, and in the first 4 months of the Wilson tariff law in that year, 1894, the imports of shoddy and waste increased to 4,028,901 pounds.

The next year, 1895, was a full year of shoddy importation, and we brought out 20,718,110; and during the next year we did not need quite so much and the imports for 1896 were 17,011,149; and in 1897, when it was known that we were to have a tariff, in order to anticipate it and to get in enough shoddy to last until the tariff law was repealed, they brought out 44,505,470 pounds. Now, that illustrates the deterioration of clothing during the Wilson tariff law period. That all found its way into clothing. When the Dingley Act was passed the former duties were restored, or made higher, and in 1898 only 458,867 pounds were brought out, and in 1899 only 228,493 pounds were brought out, and in 1900 499,344 pounds were brought out.

During this Wilson tariff law period rags imported came off the paupers in Europe. There was a cholera epidemic—you will recollect when the carcasses were buried in the trenches—and you know that nothing escapes the scavenger, and that their clothing was never wasted, and a great deal of it came to the United States, and part of it now is being worn on the backs of American people if they are wearing cloth made during the Wilson tariff law period.

DIAGRAM D.—Imports of shoddy, noils, waste, etc., for the years 1891 to 1900, inclusive.



We now come to the question of price. On Diagram A I have shown you how the wool production of the Southern Hemisphere was decreasing. On Diagram E I will show you the effect of that decrease on the world's price of wool. Line A in this diagram, E, shows the course of merino wool prices in London. This enormous advance from 1898 to January 1, 1900, received its initiative through the knowledge of a decrease in the merino wool supply, which is shown on Chart A; the price increased correspondingly. This is in the free-trade markets of the world. By January 1, scoured merino wool had reached 66 cents in the London market, the highest price it had reached until about the close of the Franco-German war. Line B on Diagram E shows the course of prices in the United States during that period, from 1892 to January 1, 1900. It is interesting, as it is a comparison between the London value of wool, which was under free trade, and the American value of wool of the same kind and quality, which, during that period, was twice under protection and once under free trade. Now, if the same relation had existed between the American market and the London market that existed in 1892, before the McKinley law was repealed, that price in the United States would have been represented by line D; but the actual price is represented by line B; and in 1895 and 1896, when the Wilson tariff law was in full force, wool of the same kind brought the same or less money in America than it was worth in London. The American woolgrower had been persuaded that if the tariff was taken off the American demand would elevate the London price, and he would get as good a price for his wool without tariff as he did before; but instead of that the London price declined a little, and the American price declined a great deal; and it fell from 204 cents under the McKinley law in 1892, to 174 cents under the Wilson law in 1895. In 1896, the price had gone up in London to 19 cents, but in the American market it only raised to 18 cents. It was worth actually one-half cent a pound in the American markets less than the same wool brought in free-trade London. But in 1897, when the Dingley act was passed, prices immediately went back, so that on January 1, 1900, merino wool was worth 36½ cents in the United States that had been worth only 17 cents under the free-trade period, and which was worth only 31 cents in the London market at that time (January 1, 1900).

Diagram F shows the effect of the decrease of wool consumption in the outside markets of the world upon the London value, which is the principal wool market of the world; and in comparison with it I have produced a line which shows the course of prices in the United States.

DIAGRAM F—EXPLANATION AND COMMENTS.

A correct understanding of the present wool situation can easily be had by examining Diagram F, which, by Line A, shows the enormous decline of 33½ per cent from the average price of last year, of merino wools in the London market.

In strong contrast to this, owing to the Dingley tariff act, combined with the prosperous condition of this country, the price of XX Ohio wool here, although having suffered a sympathetic decline with foreign markets, is to-day only 3½ per cent below the average price of last year.

If the American woolgrower were to sell his XX Ohio wool in the London market to-day, it would not fetch over 17 cents, while its value in the United States is 28½ cents; or, in other words, if the Wilson free-wool act were substituted for the present Dingley law, the London price of 17 cents would now be the American price, as was the case in 1895. (See Line B of diagram.)

In this connection it is interesting to note that XX Ohio wool in the United States brought only the London price, or less, during the free-wool period, while it now brings 11½ cents per pound more than its London value; and in 1892, under the McKinley act, the American price averaged only 10 cents per pound above the London price, so that the tariff-lifting influence on American wool is greater now than it was in 1892.

The principal value of the diagram lies in its illustration of the extent of the fall in merino wool values in foreign markets since last year.

The London wool market dominates those of the world, and the cause for the sympathetic decline in the United States is without doubt the drop in prices abroad of merino wool scoured, carded, and combed into tops, which is the condition to which delaine wools in the grease are reduced, and by which their value is determined. (See line A.)

This fall in prices in 1900 has been a source of great surprise to wool operators the whole world over, for the reason that the present production of merino wools is known to be much less than it was in 1892, the decrease being estimated at 30 per cent.

As the world's population has greatly increased since that date, it was currently and reasonably believed that merino wools in 1899 were below their true value.

Without doubt it was this belief in higher prices which caused the advance that began in the early part of 1899, and which did not end until No. 60's Botany Tops, which averaged only 41 cents in 1898, reached 66 cents on January 1, 1900.

Operators all over the world pinned their faith to this theory; but the weak point in the calculation seems to have been the underestimation of the extent to which the substitution of cotton for merino wool had been carried.

It was believed that this increased use of cotton would not more than counterbalance the increased requirements of the greater population, and, conceding this estimate to be correct, it was deemed certain that merino wool must command higher rates than in 1892, when there was so much more of it than at this time.

How far these opinions were wide of the mark will probably never be known, as the drop in prices was precipitated by the monetary stringency abroad, amounting almost to a financial panic, which

DIAGRAM E.

EXPLANATION.

- Line A.—London value of Merino wool, scoured, carded, and combed into No. 60's Botany Tops, wool similar to XX Ohio.
- Line B.—American prices for XX Ohio resulting from the free-wool experiment.
- Line C.—London (free trade) value of XX Ohio.
- Line D.—American prices for XX Ohio that would have ruled if the McKinley law had never been disturbed.

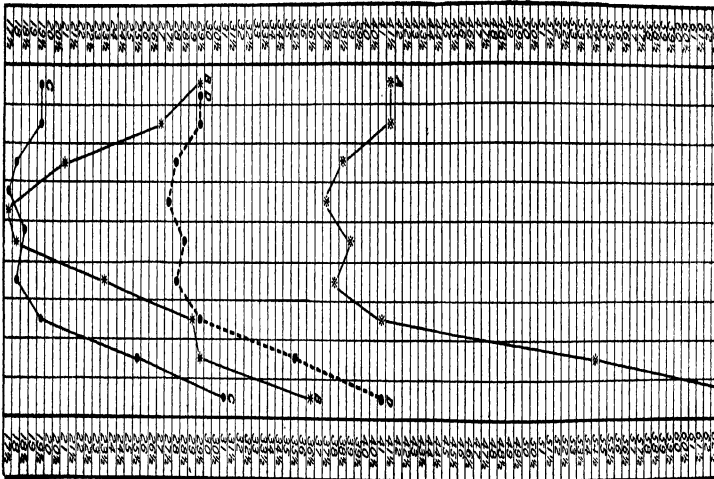
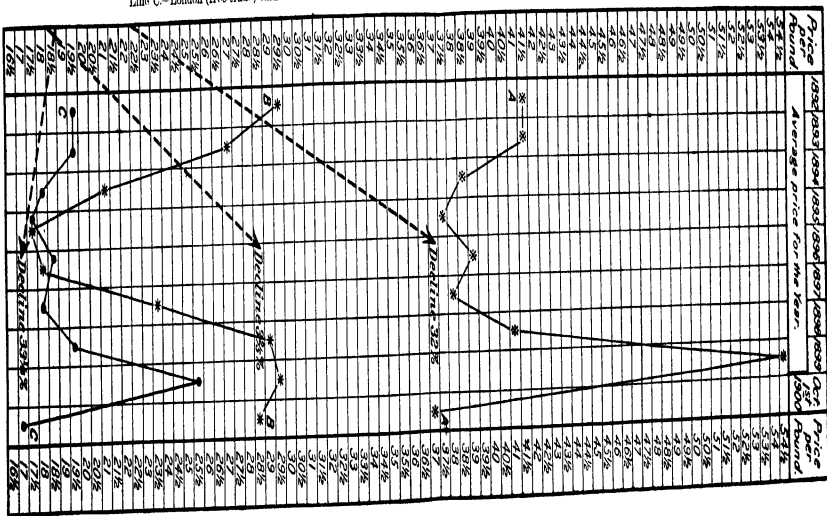


DIAGRAM F.

EXPLANATION.

Line A—Course of values in London of Merino wool scoured, carded, and combed into No. 60's Botany Tops, wool similar to XX Ohio.
 Line B—American prices for XX Ohio resulting from the free-wool experiment.
 Line C—London (free trade) value of XX Ohio.



resulted from the fear of a general European conflict arising from the military operations in South Africa and China, and from which influence European money markets have not yet entirely recovered. The following percentages of decline in the wool will throw some light on the present wool situation:

	Per cent.
Decline in London on No. 60's Tops, from January to October, 1900	44
Decline in London on No. 60's Tops, from average of 1899 to October, 1900	32
Decline in London on No. 60's Tops, from average of 1892 to October, 1900	10
Decline in London value of XX Ohio, from average of 1899 to October, 1900	33
Decline in London value of XX Ohio, average of 1892, compared with October, 1900	12
Decline in the United States on XX Ohio, average prices of 1892 and 1889, compared with October, 1900	3

"This is important because of the attacks that are being made upon the Dingley tariff act. It appeared first in the free-trade papers, and these remarks are suggested by an editorial in the Philadelphia Ledger on Friday, December 14, 1900. It is headed, "Shoddy and cotton masquerading as wool." The purpose of the article is to show that these conditions are the result of the tariff; and what I have said so far in my remarks is to show that these are world-wide conditions, and also, to show how far the tariff has saved us from worse conditions than in Europe, where they have no tariff.

You were asking about the wool consumption in the United States in the manufacturing industry here. I will endeavor to show that the American manufacturer to-day enjoys a larger share of supplying the American people than he ever did before, and I will show by Diagram G how imported cloths were much greater under all previous tariff laws and were never so little as they have been under the Dingley tariff act. And under that act American mills running full time in 12 months can make as many goods as the American people can consume in 15 months. From July, 1898, and July, 1899, to 1900, the American woolen mills were better employed than ever before in their history. They employed more people than ever before; they paid higher wages than ever before, and the result has been that they have temporarily overstocked the market with woollens, and have made woollens that heretofore were made out of foreign wool by foreign labor. The result of this increased activity among the American mills has been an increase from January 1, 1900, of 10 per cent in the wages of all woolen factory operatives.

Q. (By Mr. FARQUHAR.) What difference has it been to the consumer?—A. The price of clothing is slightly higher than it was under the free-trade period. There is a difference of about 75 cents a pound in the pure wool that enters into a suit of clothes, between protection and free trade. This suit I have on is made from American wool by an American mill. The wool that enters into the composition of this suit of clothes could have been bought at 75 cents a pound less in the free-trade period than it could be bought for to-day.

Q. (By Mr. CLARKE.) You speak of the scoured pound?—A. The scoured pound—the raw wool that enters into it. That is the difference between the free wool and the Dingley duties upon wool—scoured wool.

Q. How many pounds have entered into it?—A. There is a little over 3 pounds in this suit. The cloth in this suit was made by Edward T. Steel & Co. Under the tariff law of 1867 they were importers. In the tariff law of 1883 such goods as were known as worsteds by an error were classified at a lower rate of duty than broadcloths. This is called a worsted. They sent out to this country some imports and entered them as worsteds at a lower duty than woolen cloths. The custom-house protested, and it was settled in court that the duties should be assessed upon articles in the custom-houses according to their commercial names, and even if this was more valuable than broadcloth it should pay the duty of worsteds, and the duty on worsteds was very little higher than that on carpets. And they established large mills in Bradford, England, and their entire product came to the United States under the tariff of 1883. When the McKinley law was passed in 1890, Mr. Steel went to Washington with a suit of clothes similar to this, and represented to the Committee on Ways and Means that it would cost the working men 75 cents a suit more if the McKinley act was passed—such a suit as this: it is made of coarse wool. When the McKinley act was passed he remarked, "Well, the consumer will pay the increased duty and I will send my goods to America just the same as before." But he never could send a yard. The McKinley act protected the American market and the American manufacturer, and he was without a market for his English goods. So he picked up his machinery in England and moved it to Bristol, Pa., where he has now a large and thrifty establishment employing 500 or 600 people, where this suit was made. It may be interesting to you to know in this connection that some of his former help employed in England followed him to America and were employed on the same machinery, making the same goods in Bristol that they had formerly made in Bradford, England. When

they were in Bradford, England, he paid them £1 a week wages; when they came to Bristol he paid them \$10 a week wages, more than double their English wages. I asked him whether the same labor could do any more work in America than in England, and his reply was that in both places the machinery was running at as high a rate of speed as it was possible to run it, and there was practically no difference in the output, as the result of the skill of the same individual in England, under free trade conditions, and in the United States, under protective tariff. The only difference that he said he had noticed—which was a conspicuous one—was that while they were in England in weaving a piece of cloth they had to finish it; they could put a man in jail for a breach of contract; but as soon as they came to this country they could stop weaving a piece of cloth when they were halfway through it, very much to the injury of the goods, and clear out; and they seemed to be imbued with a spirit of independence shortly after they reached this country; so that he did not get any better results from the same labor, from better food, better housing, and better wages, than he got abroad.

Q. (By Mr. FARQUHAR.) Was there a regulation made in the McKinley tariff as to the importation of worsteds?—A. Yes; the error of the tariff of 1884 was corrected in the McKinley tariff, and worsteds had to pay the same as broadcloths.

Diagram G is designed to illustrate how under protective tariffs the American woolen manufacturer has secured a larger share of the home market than before by showing the decrease in the imports of foreign-made cloths.

In 1892, under the McKinley Act, there were \$37,515,398 worth of imported cloth.

In 1893, under that same law, there were \$30,238,506 worth of imported cloth.

In 1894 it was known that the McKinley Act was to be repealed, and imports fell off because they were waiting to take advantage of the removal of the tariff to bring in the goods, so that that accounts for the small amount of imports in year 1894, \$17,342,682.

But in 1895, the first year of the Wilson tariff act, the duties were ad valorem, and the Treasury Department instructed the appraisers of ports to value goods nominally to the importer, on the theory that they wanted revenue and the more leniently they could construe the tariff the larger would be the imports and the larger would be the revenue; and the result was—as is well known—that goods came in under very imperfect examination and were largely undervalued, so that the increase of imports, \$38,523,548 under the first year of the Wilson Act, does not represent all the increase; if it had been represented by pounds or yards, the 1895 line would be much longer.

The goods were undervalued and under the same conditions in 1896. You will notice how the imports of foreign-made woollens increased up to \$53,494,193, and in proportion as the 1896 line extends, which represents the increase in imported woollens, so were the American woolen mills forced to close down, and this increase in imports represents the decrease in home production.

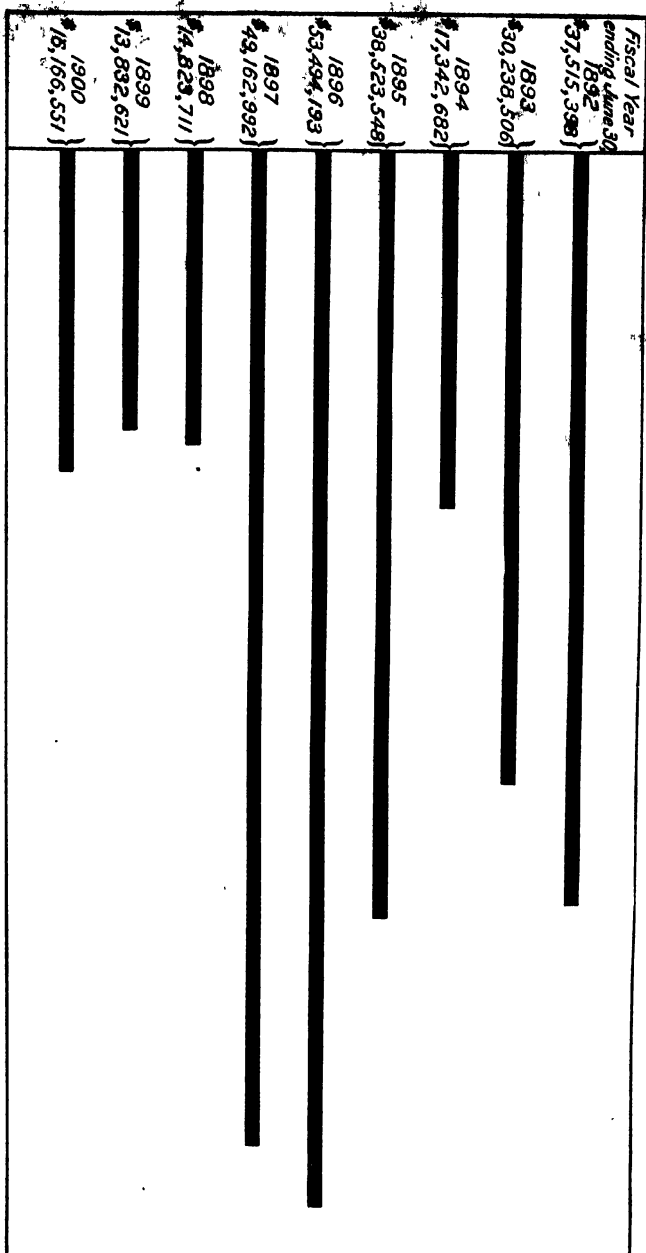
In 1897 there were only 7 months of the Dingley tariff act, and yet during that 7 months you see the imports, which were largely undervalued, greater than they ever were before, with the exception of the previous year—\$49,162,992—so that in 7 months we brought in nearly as much as we did in the previous 12 months.

Q. During the time of that Wilson tariff were those specific or ad valorem duties?—A. They were purely ad valorem. Previous to that they were compound, partly specific and ad valorem. The ad valorem feature is always liable to evasion, but the specific duty can not be evaded. The duty is so much a pound, and it can not be evaded. But that feature disappeared under the Wilson Act when the ad valorem feature was adopted.

Q. Do you claim there were great importations on account of undervaluations?—A. Yes. We can prove that by illustrating with pounds. There was an enormous increase of pounds, and yards the same way. But we do not use that comparison, because there are complete records as to valuation. The records as to the number of pounds weight are imperfect, and some years they were omitted. I could have made a much more forcible illustration if I had been able to secure the imports by weight or yards, but the table would have been incomplete, for the comparison has to be made under circumstances which place me at a disadvantage, for it does not illustrate as great a variation as I could show if I were able to show it in quantity instead of in value.

Q. (By Mr. LITCHMAN.) As you show it now you really understate your case?—A. Yes. Now, notice the importations for 8 years under the Dingley Act [referring to Diagram G]. You see how the imports of woollens fall off. Here the duties were compound; they were specific and ad valorem. But I want you to notice how they have fallen off in the last 3 years, even in comparison with the

DIAGRAM G.—Imports of manufactures of wool, 1892 to 1900.



McKinley Act. The 2 top lines represent the McKinley Act. The 3 bottom lines under the Dingley Act, represent the imports of the manufactures of wool. So that we are importing less than we ever did before, and as imports fall off the employment of the American woolen manufacturer increases, and likewise the employment to American labor, using American material.

Q. (By Mr. CLARKE.) Will you please state the economic reason for making the duties compound?—A. Yes; I will. A compound duty is called a compensatory duty. It takes 4 pounds of average unwashed wool to make a pound of cloth—unwashed wool in the way in which the farmer sells it. The duty upon a pound of unwashed wool is 11 cents. The manufacturer says, "I pay the Government 44 cents duty for the wool that enters into a pound of cloth. I do not get that. That goes to the woolgrower. Therefore, it is to compensate me for the woolgrower's duty that I ask this specific duty of 44 cents a pound." That is the theory upon which this specific duty was based, and it was made that way so that the 50 per cent ad valorem which the manufacturer gets as his share of protection was to remain in case the duty on raw wool was repealed. When the Wilson tariff act was passed the 11 cents a pound duty fell, and with it fell the 44 cents a pound compensatory duty upon cloth. The manufacturer claimed that with a 50 per cent duty on cloth he could hold his own; and a good many of them were quite willing to have the benefits of free wool. They felt that they could possibly reach out and secure the markets of the world if they had free wool. The result of that free-wool experiment I have already shown to you. Instead of reaching out and securing the markets of the world, the foreign manufacturers invaded our markets and took from us half of what we already had before. So that the manufacturer found that the free raw material, which he thought would be a benefit to him, had injured him and had injured him in several ways. The foreign manufacturer took the market from him that he had had before. The great injury inflicted upon the wool industry destroyed the purchasing power of 2,000,000 people, and he found he had a smaller market than he had had under the McKinley Act. So that, after three years of that sort of experiment, there was almost a unanimous demand for the reenactment of the McKinley Act; and the men that appeared before the Ways and Means Committee asking for this were led by men who confessed that heretofore they had always been free traders and had voted for Grover Cleveland, but that they were now appealing to a Republican Congress to save them from utter annihilation. The most conspicuous case of that kind that came to my notice was that of the Hon. Galen C. Moses, of Bath, Me., from the Worumbó Woolen Mills there. You will find in the hearings of the Ways and Means Committee his statement that the free-wool experiment cost his mill \$100,000—shrank their capital that much—and he was one of the most urgent in his demand for a duty upon raw material if they could have with it the compensatory duty upon cloth.

Q. (By Mr. FARQUHAR.) Were there many American manufacturers who advocated the free-wool theory before its practical enactment?—A. There were only about a dozen or 15, but every one of them, without any exception, has confessed that it was a very serious and costly error. I do not know of a single one to-day that would go back to that period. But there is beginning to be a little restiveness over the present tariff by a few men who do not understand that the decreased use of wool is not the result of local conditions, but world-wide, and that the complaints which the American manufacturers are making are based on vastly better conditions than those which are suffered by foreign manufacturers. The use of cotton and shoddy abroad is practiced to a very much larger extent than here, as I have shown you, and the deterioration of goods in Europe is practiced to a much greater extent than in the United States.

Q. (By Mr. CLARKE.) Has the market been practically cleared of the importation of wool and woollens under the free-trade period?—A. The woollens have disappeared for the reason that the sale for woollens is regulated largely by the taste of the buyer. In other words, they are largely a matter of fashion. If a manufacturer makes a style of goods which are wanted to-day and not wanted next year, he has to sell them when out of style at less than the cost of the wool that is in them, so that there was no excessive importation of cloth; it was raw wool. The raw wool will make any sort of a fabric that is fashionable, so that the cloth that was imported has disappeared, but the wool has not.

I have in my hand a table which is based on that circumstance.¹ It shows that on the 1st of January, 1897, before the Dingley tariff act was passed and when the Wilson law was in full blast, there was on hand in the United States, including that carried over from the previous year, 393,968,523 pounds. On the 31st of December of that same year the imports of free wool, in anticipation of the Dingley Act, made the supply 794,484,726 pounds—nearly double in the year. Now, we have never consumed over 550,000,000 pounds in any calendar year. We did consume, as I said before, 600,000,000 pounds in the fiscal year from July, 1899, to July, 1900, but the first half of 1899 and the last half of 1900 were marked by decrease in the wool consumption, so that the consumption for the whole year—those two years—would not average much over 500,000,000 pounds; so that we find on hand on the 1st of January, 1898, over 794,000,000 pounds, and we could not possibly use over 500,000,000 pounds. The American clip that year was 266,720,684 pounds added to the stock on hand, so that the supply for 1898, owing to the excessive importations of the previous year, was 1,161,515,011 pounds of wool. During that year (1898) we consumed only 400,000,000 pounds, because the market was glutted with woolsens that came in in anticipation of the Dingley tariff act, and our mills were not employed to their full capacity, but we had reduced by the 1st of January, 1899, this 1,161,515,011 pounds to 761,515,011 pounds. We began the year 1899, then, with practically 761,000,000 pounds. The American clip for that year had increased under the stimulus given by the Dingley tariff act, and we produced more wool; we produced 272,191,330 pounds, and we paid duties upon over a hundred millions of foreign, so that our total supply in 1899 was 1,139,475,519 pounds, which would swell this enormous amount due to the free-wool imports, which were disappearing gradually but slowly. It is gradually being absorbed, but it has been a menace to the American wool producer and has hindered his realizing the full tariff benefits levied by the present duties. For instance, when the market goes up abroad we do not instantly follow, because we are weighted down with this enormous stock of free wool that was left over. But for that the movement of the markets would be automatic and an advance in London would be instantly followed by an advance here. That was always the case until we were handicapped by these enormous amounts of wool brought here.

Q. (By Mr. FARQUHAR.) Who are the principal owners of this wool?—A. In some cases the importers; in some cases the manufacturers; in most cases the importers.

Q. (By Mr. LITCHMAN.) Could you mention the average value of that wool per pound?—A. Yes; I should say 30 cents a pound. Its value before it was imported would have been not much over half that, perhaps 17 or 18 cents—9 pence would be about 18 cents—a very little over half, and its free-trade cost is very little above half of its present value. But the cost of growing it, insurance, and storage has made it cost about as much as it would bring to-day on American farms at American prices.

Now, I begin this year. Last year, as I told you, from the beginning of July the American machinery ran full time, and we consumed 50,000,000 pounds a month for the balance of the year, so that we used during 1899, owing to the activity of the last half of that year, 550,000,000 pounds of wool, which was the largest amount that was ever consumed in the United States in any calendar year.

¹ Table showing supply and consumption of wool, 1896 to 1900.

	1896.	1897.	1898.	1899.	1900.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Carried over from previous year.	194,724,651	393,936,523	794,484,726	761,515,011	589,515,519
American clip.....	272,474,708	259,153,251	266,720,684	272,191,330	288,636,621
Imports of wool withdrawn for consumption	159,776,015	356,839,482	99,850,404	105,491,847	a 125,000,000
Imports of shoddy, rags, noils, etc.....	17,011,149	44,505,470 b 200,000,000	459,197	317,331	a 500,000
Total annual supply.....	643,986,523	1,254,484,726	1,161,515,011	1,139,515,519	1,003,652,140
Annual consumption.....	250,000,000	460,000,000	400,000,000	550,000,000	525,000,000
Carried over at end of year.....	393,986,523	794,484,726	761,515,011	589,515,519	478,652,140

a Quantities estimated.

b As this table is compiled on a basis of wool in the grease, there must be added to the quantity on hand December 31, 1897, at least 200,000,000 pounds, which quantity represents the increased efficiency over grease wool of the 113,058,915 pounds of scoured wool, shoddy, etc., imported during the years 1896, 1896, and 1897.

So that it shows not only in the greater employment of American labor, higher wages for American labor, but in the gradually decreasing supply of wool. This year, 1900, we paid duty on about 100,000,000 pounds of wool, and the supply on hand for the year was about 1,000,000,000 pounds, so that you see it is getting gradually smaller, owing to the fact that during the fiscal year from July to July we used 600,000,000 pounds of wool, and during that 12 months made as many woollen cloths as the American people could consume in 15 months. Owing to that fact the mills have had to slow down, and since July they have been running on three-quarters time. So that the wool consumption for the present calendar year (1900) is only 525,000,000 pounds as against 550,000,000 pounds for the previous calendar year. But I do not want you to lose sight of the fact that during the fiscal year from July to July wool consumption averaged 50,000,000 pounds a month. There never has been such a large wool consumption in the United States. The result is that the quantity on hand to-day, in the market on the first of the year, 1901, will be about 478,000,000 pounds as against 794,000,000 pounds in the beginning of 1898, when we were loaded down with this enormous quantity of free wool.

Q. (By Mr. CLARKE.) Did the changes in the tariff make it extremely difficult for the American manufacturer to calculate and manage his business?—A. Not the last change. The increase from the worst depression ever known to the highest degree of prosperity ever known did not embarrass him a bit—that is, the change from the Wilson to the Dingley Act—but the change from the McKinley Act to the Wilson Act caused many failures, caused a shrinkage of capital, caused the closing of mills, and caused enormous loss in every way.

Q. (By Mr. LITCHMAN.) Will you go into the question of wages and give a comparison between the two periods?—A. On the 1st of January of this year, as the result of the greatest stimulated activity in the woollen mills, the average advance in wages to a greater number of employees than had ever before been employed was 10 per cent. I will illustrate it by a circumstance that occurred in my neighborhood. Under the McKinley Act there was a hosiery mill close by where I live, in the Germantown district of Philadelphia, suburban. There is a man who lives in the precinct who has done some political work for me. During the McKinley Act he was employed regularly in that mill and earned \$10 a week. I found him with a good deal of leisure on his hands in 1896. I employed him in an effort to elect a gentleman from my district to the State legislature. I found that while before in 1892 he had to do his political work at night, in 1896 he had leisure to work for me in the daytime. I said to him, "How is this?" "Well, our mill is only running half time." "Well, have you had your wages decreased?" "Not in the pay per hour, but my employer is very good, and he is making up stock which is unsold to keep his organization together, and he is running half time and I get \$5 a week." "How do you live on it?" "Oh, my boy and my girl, that heretofore have been at school, are on the streets selling newspapers." That man under the Dingley Act is now at work, and he is well employed, and his children are also in the mill. I do not know what wages he is getting now, but I fancy more than \$10 a week. That was a case that came under my immediate notice, which illustrated to me the effect of the Wilson tariff act on American industries and upon American wages.

Q. Have you any other comparison except that of Steel & Co. in relation to the wages here and abroad?—A. Our correspondents in Germany, to whom we wrote asking for information, reported that in Germany the wages were only one-third of those paid here; in England they were one-half.

Q. What number of hours do they work?—A. In Germany they work longer hours than they do in England. For instance, we have a Swiss governess that has lived with us and raised my children. She informed me of the hours of some girls that she knew who were working in hosiery mills in Chemnitz, and they work from 12 to 14 hours a day and Sunday up to 12 o'clock. In this country we work 10 hours a day only and never on Sunday. That was confirmed by our correspondence with the German merchants.

Q. Have you any knowledge as to the comparative sanitary conditions of employment in this country and in foreign countries?—A. Only as to Mr. Steel's case. His employees live in houses without cellars under them. Such a thing as a bathroom was unknown on that side. And while the laborer paid higher rent here, he had more comforts than he had on the other side and was better housed. I do not know anything about the rates of rent; but here he could afford a house with a cellar under it and a bathroom. In Bradford they lived in rooms in houses without any cellars, and of course no bathrooms and no modern conveniences.

Q. From your experience your judgment is that the condition is much superior here to what it is abroad?—A. Yes; none of those people were willing to go back, and they not only wanted to stay here, but they sent for their friends, and he has

now working in his mill people who have recently come out and who were induced to come to America by the improved conditions here of comforts of life. I recall one of them speaking of the effect on the families. They had growing girls that were subject to bad influences where they were living abroad, in two or three rooms in the same house. Here they had a house to themselves, with a little yard around, and they found that the girls had better manners, and that a source of anxiety to the parent under conditions abroad had been removed. You can imagine, if you have half-grown daughters, how a parent would be anxious if they were subjected to conditions which would make it difficult for them to be virtuous. The conclusion arrived at was that there was a better chance for growing girls here under American conditions than there was in the factory towns abroad.

Q. Does your industry here pass through the transition of the New England industry—I mean as to the nationality of the employees?—A. Yes; we have some advantages here. There is more American help employed in Philadelphia than in New England. The Canadian element is lacking here. In New England many of the mills are supplied largely by the French-Canadian help, and they are ignorant, and they have not had the training. I know people who live near some of these New England factory towns, and they speak of the degraded condition of those people when they first come. They are very clannish, they have their own stores, and the first generation very rarely improves, have no desire to improve. The American-born operatives want to live as other Americans do, and the habits of life are different. They are more intelligent and more ambitious to rise in the world.

Q. Are the people employed in your factories here to a large extent the original employees or their immediate descendants?—A. The workmen are very apt to take their children into the mills. If a man pursues any certain handicraft, if he can get employment through his influence with the foremen for some of his children, he is very apt to do it; and you even see whole families employed in the same mill.

Q. You know in New England the mills were originally started with the farmers' daughters, and then they were succeeded by one race of immigrants and then by another until present conditions have been reached. I wanted to see whether that same transition had taken place here?—A. No; it is different here. There is a place 15 miles from Providence that was an ideal factory town some 25 years ago, owned by a man by the name of Pierce. I think his place is called Stillwater. It was an ideal mill, and the cottages were modern and had flower gardens about them, and he had a very fine class of operatives. They were mostly farmers' daughters of the neighborhood. That was 25 years ago. This man died, and for 10 or 12 years his mill has been closed. It has changed hands and been recently started, and an acquaintance who lives in the neighborhood and who lived there before has commented on the changed character of the help. They are now mostly French-Canadians, quite different from those that were there before. Those that were there before were interested in taking care of the property, but these people have no interest in it at all and are quite destructive. That is only illustrating the difference and the change.

Q. Your help here is more permanent in its nature and not migratory?—A. Yes; they are self-respecting Americans. I will illustrate that by something that happened not long ago in the Kensington district near this city. A friend of mine has a large factory, and the help wanted to celebrate the Spanish peace and asked permission to have it in the storeroom. The mill was stopped; he provided refreshments and music, that there should be dancing. He said he was surprised to see how well dressed these girls were when they came, and their admirable manners. He never would have suspected that they worked in the factory. He says the American catches on, and their manners were as refined as you would see anywhere, and most of them had had the advantages of the public schools, and he was very proud of that demonstration of the comfort and condition of the employees.

Q. You have here in Philadelphia restrictive laws as to the employment of children—a certain number of hours?—A. There is; I do not know what they are.

Q. You have also compulsory-education laws for children?—A. And we have factory inspection. My contact with manufacturers is mainly in the fact that I supply them with raw material.

Q. Your experience is more particularly in connection with woolen mills?—A. Yes; woolen mills. I know very little about cotton mills.

There is one subject more. The American wool industry received a very considerable jolt in the early part of the year. We found it was proposed that we should have reciprocity with South America—with Buenos Ayres. Mr. Kasson,

who was formerly a Representative in Congress from Iowa, negotiated a reciprocity treaty, that had been begun by Minister Buchanan, appointed by President Cleveland. He had carried it forward partly, and Mr. Kasson went on with it; but Mr. Kasson took his facts from Mr. Buchanan, and he represented to the President that we imported nothing but carpet wool from there and that we did not produce it in this country. According to Mr. Blaine's theory of reciprocity we should exchange only commodities which one country or the other did not produce. His facts were rather wide of the truth, and President McKinley was somewhat embarrassed by having been induced to go so far in his indorsement of this reciprocity as to have sent it to the Senate with a recommendation for its ratification. But the woolgrowers had friends in the Senate who discovered the real facts in the case, and I have illustrated some of them in Diagram H.

It was stated that we did not import anything from South America but carpet wool, and that they did not purchase anything like the wool that we produce.

Diagram H shows the average imports of wool into the United States from different countries for the 6 years ending June 30, 1900. Our imports during that period from British Australasia were 298,382,759 pounds. We bring more wool from there than any other country. But the wool imported from the Argentine Republic is second in volume, and we imported from there 173,780,402 pounds of wool, two-fifths of which was carpet wool, or 69,774,073 pounds. The United States practically takes all the carpet wool they produce. There are more carpets made in the United States than in all the rest of the world put together, and there is a combination of American carpet manufacturers that take the entire product of that district in the Argentine Republic called Cordova. Originally Cordova produced nothing but carpet wool, but with the introduction of the finest breed of sheep in the world and the crossing of this carpet breed of sheep with sheep producing finer wool the result is that the Argentine Republic produces to-day wool more like the American wool than that raised by any other country in the world. The proof of that is seen in the fact that we purchase more wool from the Argentine Republic than any other country in the world with the exception of British Australasia. So that they propose to reduce the duties on the class of wool that competes more severely with the American product than the product of any other nation with one exception.

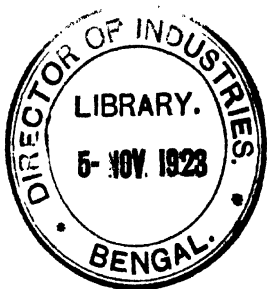
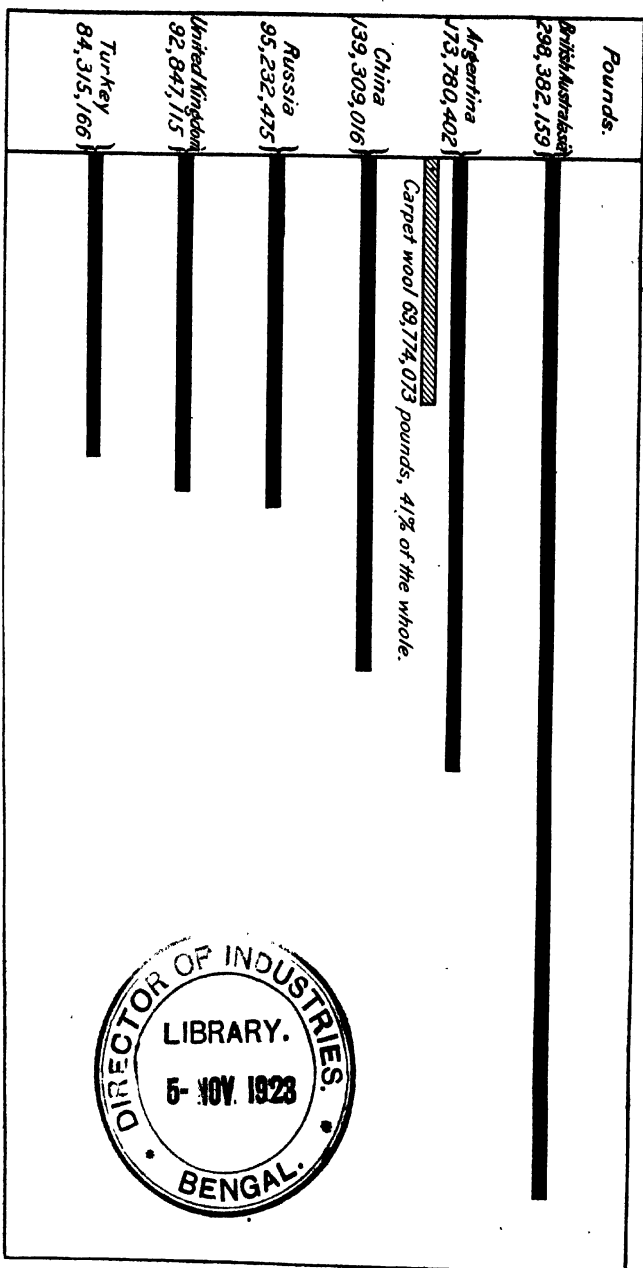
Q. (By Mr. FARQUHAR.) What has been the fate of the reciprocity treaty?—A. As long as protection to American wool was the very corner stone of McKinley's election, when he found, as he did from the circumstances, that he was proposing to abolish the tariff on wool, and that thing had gone to the Senate, he was very much mortified, and of course it was smothered in the Committee on Foreign Relations.

Q. It is now a pigeonholed treaty?—A. Yes; it has expired by limitation. I see there is an effort to revive it, but according to Mr. Buchanan's treaty unless it was ratified by the Senate by a certain day it would fail; but I suppose by an act of Congress it is possible to revive it, so I present the facts of the case here so they may go on record if the case comes up. As I understand it, the scope of this committee is to guard American industries against attack, and it is because of that that I appear here and allude to that subject.

Q. What is the consumption of carpet wool in the United States—about 100,000,000 pounds?—A. We import, I think, a little more than that, and it is, of course, all consumed. Carpet wool ought not to be called carpet wool, because a large percentage of it is really used for clothing—blankets; but we call it carpet wool because the men interested in it are mostly operators of carpet mills. The clothing manufacturers and blanket manufacturers use it largely. Its proper name is class 8 wool. We imported in the fiscal year ending June 30, 1900, 105,000,000 pounds. I think half of that is in the bonded warehouses. In 1896-97, under free wool, we brought in 112,000,000 pounds; the next year, 82,000,000; the next year, 60,000,000 pounds; and last year 105,000,000 pounds, half of which is in bond and the duty unpaid; but it will all be used.

Mr. S. N. D. North, in his article, before referred to, on the United States wool clip of 1900, states that carpet-wool imports are 105,525,783 pounds, and are also about the normal consumption of an active business year in that branch of the industry. But we have imported less than that during the last 3 years, because so much of it was imported during the free-wool period. The probabilities are that if that industry continues in 1901 as it was before we shall import at least 100,000,000 pounds of carpet wool.

While we are on the subject of reciprocity I will submit an article on wool duties which was prepared for a hearing before the Senate Committee on Foreign Relations in case they had any hearing on that subject; but it was intimated that the treaty was dead and that hearing was not necessary; but I would like this to

DIAGRAM H.—Total wool imports for six years ending June 30, 1900, into Boston, New York, and Philadelphia.¹

go on file as part of this subject, because it is mainly a statement of the representative from the Argentine Republic to our Industrial Exposition here last year, in which he made statements as to the excellence of the clip of the Argentine wool, stating there that they hardly produced any carpet wool at all. So that it is a proper and fitting answer to the statement made to the carpet manufacturers, which is on page 33 of the February 1 number of *The Manufacturer*, published by this club, called the International Edition.

(The article above described follows:)

THE WOOL DUTIES.

THE REDUCTION OF TWENTY PER CENT AS PROPOSED BY THE ARGENTINE RECIPROCITY TREATY NOW BEFORE THE UNITED STATES SENATE FOR RATIFICATION.

[By Theodore Justice.]

The *Evening Star*, of Washington, D. C., of Friday, December 29, 1899, contained an article displaying in conspicuous headlines the announcement that the statement in that issue regarding the Argentine treaty was official.

Presumably this was given out by the reciprocity commission and published by their desire through the United States wherever the Associated Press dispatches reach. The article was evidently intended to quiet the alarm felt by woolgrowers over this contemplated attack upon their industry of 20 per cent reduction in the duty on wool imported from the Argentine, but it was so full of errors and misstatements of facts well known to woolgrowers that instead of quieting their alarm it has had quite the contrary effect.

Some of the statements were so erroneous as to give rise to the suspicion that the reciprocity commission acted without adequate information, and have not only misled, but actually deceived, the Administration, which otherwise would never have permitted this Argentine treaty to have gone to the Senate for ratification. Some important facts bearing on the subject are therefore presented here with a view to correcting mistaken ideas as to the effect this treaty would have upon the wool industry of the United States.

The article, in part, says: "The following official statement of facts regarding the Argentine convention which is now pending before Congress is given out for public information and to correct misapprehensions in respect to the effect of the treaty on the wool interest."

In excuse for having proposed to reduce the wool duties of the Dingley tariff act, the article winds up by saying: "Concessions on Argentine wool were made because it was one of the three articles of Argentine export on which reciprocal reductions could be made, and one without which that Republic would not consent to the convention," as though the commission felt it incumbent to complete some sort of a reciprocity treaty, even though to do so it was necessary to ignore its influence upon an important domestic industry.

Under the headline of "No danger to wool interests," it says: "Argentine class 1, unwashed wool, in London early in November, 1899, was worth 23 cents, while in New York it was worth 14 cents afloat and 25 cents with duty added, which shows abundant reason for the wool seeking a British rather than an American market."

In point of fact, Argentine wool, instead of being worth 25 cents here with duty added, as claimed, would cost 32 cents, including duty, or about 33 per cent more than the figure claimed.

The same article further states in substance that "the total import of wool into the United States for 1899 from the Argentine was only a very small portion of our aggregate importation. It is evident, therefore, that the proposed reduction for Argentine wool alone can have no effect upon our market price." Instead of having no effect upon our market price, however, it would lower it 24 cents per pound, for this reduction could not raise all of the markets of the world, as would be necessary in order to have "no effect" upon prices here. This article further says: "The majority of the wool is of the coarsest class (being carpet wool), which is not at all, or but little, supplied by the United States."

This last statement is far from the fact, for during the past 5 years, instead of being only a small portion of our aggregate importation, Argentine wool has exceeded the total imports of wool from every other country with one single exception, and instead of the majority of it being carpet wool, the large majority (or over 60 per cent of it) was clothing wool and similar in length, strength, and softness of fiber to that grown in the United States, and which, when scoured, carded, and combed into top, is not easily distinguishable from American wool.

The carpet wool imported into the United States (which country takes about all that is produced in the Argentine Republic) is only about 3 per cent of their entire production, and is only "a drop in the bucket," as it were, of the entire Argentine wool clip.

Owing to the almost unlimited confidence felt by those engaged in the wool industry in the vigilance of the present Administration at Washington, the proposed reciprocity treaty with the Argentine Republic, which provides for a reduction of 20 per cent in the duty upon wool coming here from that country, has escaped the attention it deserves.

The removal of 20 per cent of the present duty upon the light, open, medium-skirted wools imported from the Argentine Republic would reduce protection on the home-grown staple below the adequate measure provided by the Dingley tariff act, and, irrespective of party, it is the opinion of business men all over the country that harmful tariff agitation must inevitably result from the ratification of this treaty and reopen past issues which have been recently determined by the vote of the people. This proposed Argentine treaty would benefit only aliens and would injure so many of our own people that the effect could only be injurious to the best interests of the whole country.

QUANTITY AND QUALITY OF WOOL PRODUCED IN THE ARGENTINE REPUBLIC

Both the quantity and quality of the wools grown in the Argentine Republic entitle that country to a place in the front rank of wool producers.

Owing to the great stimulus imparted to the frozen meat-export industry in the Argentine Republic by the perfection of refrigerating methods and by the quick perception of the possibility of profitable expansion of the business, the flocks in that country have increased until their annual clip is now estimated at one-fifth of the entire production of the world.

CLOTHING WOOL IMPORTS FROM THE ARGENTINE LARGER THAN FROM ANY OTHER COUNTRY WITH ONE EXCEPTION.

It has been claimed by the advocates of the Argentine reciprocity treaty that the United States imported very little Argentine wool, and that mainly carpet wool. The reciprocity commission having charged of this treaty evidently obtained their information from Mr. Buchanan, lately the Ameri-

can minister to the Argentine and an appointment of Grover Cleveland's, and the commission is believed to have represented to the President that if this treaty is ratified the import of Argentine wool under the reduced duty will not be larger than under the Dingley tariff rates.

In answer to this statement we call attention to the fact that in 1897, when the United States was freely importing wool in anticipation of the Dingley tariff act, and with the option of all of the most desirable wools in the whole world to draw from, the Argentine, with one exception, sent more wool to the United States than any other country.

More than three-fourths of the Argentine imports at that time were combing and clothing wools, and less than one-fourth were carpet wools. Barring the two carpet-wool countries of China and Russia, we are still importing more wool from the Argentine than from any other country producing wool like our own, with one exception.

The total wool imports for five years ending with June 30, 1899, into Boston, New York, and Philadelphia were greater from the Argentine Republic than were those from any other woolgrowing country with the single exception of British Australasia, and with the proposed 20 per cent reduction in the wool duties of the tariff law of 1897 the imports of wool of like kind and character to that grown in the United States will soon be greater from the Argentine than from all of the other countries put together.

Some years ago Minister Buchanan represented that the Argentine had reached its limit of wool production, but during the past ten years the clip has increased faster than that of any other wool-producing country. The increase from 1888 to 1898 was nearly 50 per cent, as against 30 per cent increase in Australasia, while, through the blighting influence of the free-wool experiment, the clip of the United States decreased over 11 per cent during the same time, although during the earlier part of this period under the McKinley law the domestic clip had been increasing with leaps and bounds.

While the total decrease since 1895 in the wool production in the Southern Hemisphere from countries exclusive of the River Plate has been 124 per cent, yet the wool exports from the River Plate alone since that date have increased 84 per cent. This is the sole exception in any important woolgrowing country where the production of wool like our own has steadily increased during that period. This increase is almost wholly in wools of like kind and quality to our domestic production, and the clothing wools imported from the Argentine into the United States are now exclusively skirted fleeces.

HERBERT GIBSON, OF BUENOS AYRES, ON THE ARGENTINE WOOL SUPPLY.

In a recent publication, Minister Buchanan again declares that the maximum wool production in the Argentine Republic has nearly been reached. Fortunately, in refutation of this we have just now come into possession of some very important information on the sheep and wool industry in the Argentine by Herbert Gibson, of Buenos Ayres, who recently came to this country as one of the delegates to the Commercial Congress in Philadelphia. Mr. Gibson is recognized as one of the best informed men on the sheep and wool industry in the Argentine Republic, and his volume, *The History and Present State of the Sheep Breeding Industry in the Argentine Republic*, published in 1893, is almost the only source of definite information on that subject.

Mr. Gibson has opportunely contributed a very interesting article on this subject which has been published in the December number of *The Bulletin of the National Association of Woolen Manufacturers*. We will quote some important statements from this article, not only to show wherein Mr. Buchanan's statements are incorrect, but also to show the serious competition which in any event the woolgrowers of the United States will feel from the Argentine Republic's wool product, even if the tariff is not reduced, much less the more severe competition if the proposed 20 per cent reduction is made.

THE WORLD IS FACING A SHRINKAGE IN THE WOOL SUPPLY.

Mr. Gibson declares that at the present time the world is facing a shrinkage in the wool supply, a commodity as necessary to humanity as bread. He states that, taking the three countries which to-day lead the world in all branches of agriculture and commerce, viz. Great Britain, Germany, and the United States, they have during the past quarter of a century been the scene of a most notable decrease in the sheep stock. Taking the whole of Europe, it is impossible to find one single country where the sheep have increased proportionately with the population, and there are only three geographical districts in the world, Australasia, South Africa, and the River Plate republics of the Argentine and Uruguay, where the production of clothing wool is in excess of local requirements.

WHILE THE WORLD'S WOOL SUPPLY IS DECREASING THE ARGENTINE PRODUCTION IS INCREASING.

In the rapid increase of their flocks the republics of Argentina and Uruguay furnish the only exceptions to the general decrease of sheep throughout the world. The two combined carry to-day over 20,000,000 sheep in excess of those carried in 1890, and there is no indication of any break in the upward movement of their flocks. The present sheep stock of the Argentine approximates 85,000,000, and that of Uruguay 17,000,000, making a total of 102,000,000, which, at six pounds per head, should produce 612,000,000 pounds of wool, nearly all of which is similar to that produced in the United States.

Largely owing to the present more intelligent methods of sheep breeding, a much larger per cent of mutton and wool is being obtained than a quarter of a century ago, and this is more evident in the younger countries, especially the Argentine.

CONVERSION OF OLD FLOCKS TO NEW TYPES.

Within the past 10 years the conversion of the old flocks to the improved types, chiefly in the Argentine Republic, has changed 50,000,000 sheep from the merino type to the strong-wooled mutton type, and the climax of this change has not yet been reached. The change has been from the merino as well as from the carpet-wool breeds into mutton breeds, producing crossbred or medium wool, and in the vast pasturing Argentine hinterland (back lands), yet unstocked, the practice will continue to an extent which it is impossible to foresee.

THE UNITED STATES THE SOLE BUYER OF CARPET WOOL.

The wool recently imported into the United States represents the two extremes of the Argentine wool clip—only a portion of the finest. But Mr. Gibson's article states that nearly all of the hairy carpet wool from Cordova and Creole sheep has come to this country.

The present high standard which the Argentine flocks have attained is little known in the United States of America, which country, according to Mr. Gibson's own words, is the sole buyer of the carpet wool grown by the remnant of the old Creole breed in the poor provinces, where sheep that produce carpet wool are rapidly disappearing before the advance of intelligent husbandry.

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BREED OF SHEEP TOO COARSE.

In their enthusiastic pursuit of the Lincoln breed the Argentine sheep raisers have somewhat overstepped their mark, and they not only find trade dull for their long, strong fleeces, but they are beginning to hear the complaints of the meat freezer to the live-stock importer that the breed of sheep is too coarse. The first cross on the merino was a fine cross, and fetched even a better price per pound than when the fleece was heavier, but with each succeeding generation the fleece departed more from the merino type and approached more closely the open lock of the long wool. The introduction of the harder constitution of the English types of sheep gave not only a larger increase, but also an improved quality, and the present form and bulk of the Argentine wool clip is now notable for softness and elasticity.

ARGENTINE REPUBLIC THE LARGEST BUYER OF FINE AND PEDIGREE SHEEP IN THE WORLD.

The causes which have influenced this change are graphically described by Mr. Gibson, whose statements, in substance, are as follows:

For a number of years the Argentine Republic has been the largest buyer of fine and pedigree sheep in the world. During the past five years she has taken 80 per cent of the value of the total sheep exported from Great Britain to foreign countries. Besides this, for a quarter of a century the Argentine breeder has been the best known and most frequent buyer of merinos from Germany and France.

Even the United States has contributed Vermont Merinos to the Argentine flocks, while New Zealand has supplied Lincolns from its best studs to the same market. During the last autumn the large sales of Merino types in all the fairs was remarkable, and in Buenos Ayres a selection of Merino stud sheep from Germany brought an average price of \$510. In South America last year over \$1,000 per head in gold was paid for 100 head of Rambouillet sheep. This is the greatest price ever paid for any breed and likewise was the greatest number of sheep ever sold anywhere for that money.

A striking illustration of the extent to which the improvement of stock is being carried in the Argentine is found in the fact that in a short time 5,000 stud animals, such as horses, cattle, and sheep, were imported from Great Britain, while during the same time only 2,000 were required for Australia. It would be strange if Argentine sheep breeders, situated in the best sheep country in the world, had nothing to show for their large enterprise and outlay. English representative breeders who visited the International Stock Show held near Buenos Ayres last year expressed amazement at the magnificent collection of local-bred sheep present for their inspection.

In its report for 1898 the English board of agriculture alludes to the marked improvement in the quality of the sheep (probably frozen carcasses) sent from that source. (In 1880 only a few carcasses were exported, while in 1898 they amounted to many millions.)

ARGENTINE CLIMATE AND SOIL FAVORABLE TO SHEEP BREEDING.

The Argentine's climate and soil are particularly favorable for sheep breeding, and the wool acquires a softness and luster not readily found in Europe. To these natural conditions has now been added the competent knowledge and care of the breeder, and the extension of the railway system has been followed by the formation of agricultural societies, shows and fairs in every district, bringing with them the familiarity with the points of each typical breed and providing the grower with a market at his own door at which he can buy the sires he needs to improve and renew the blood of his flocks.

Mr. Gibson goes on to say that the Argentine now offers to the world's manufacturers wools of a fair uniformity of quality, claiming as high a standard as those from any other part of the globe.

This reference to the wool industry in the Argentine Republic by Mr. Gibson clearly shows how much the reciprocity commission have been deceived when such official communications are given out as that recently published, which stated that a reduction of 20 per cent of the Dingley duties on Argentine wool will not be injurious to the woolgrowers in the United States.

IMPROVEMENT IN QUALITY OF ARGENTINE WOOLS.

The marked improvement in the quality of Argentine wools has been as conspicuous a feature of the development of the wool industry in that country as has the numerical increase in flocks.

According to the July circular of Messrs. G. & C. Kreglinger, of Antwerp, at the present time nearly two-thirds of the clip is wool of the first class, closely resembling that produced in Maryland, Virginia, West Virginia, Pennsylvania, Ohio, New York, Kentucky, Missouri, Michigan, Indiana, Wisconsin, Iowa, and several of the States producing so-called Territory wool, and especially the wool of Wyoming, Montana, Utah, and part of Oregon.

This change in quality denotes the gradual disappearance of the Merino as well as those Cordova sheep which produce the rough carpet wools exported from the Argentine—they having been replaced by the English or mutton breeds, and since 1897 this change has been so rapid that if the same rate is continued in a very short time the entire clip will be similar to the wools produced in the United States.

So recently as 1894 the late John L. Houston, of the Hartford Carpet Company, claimed that the improvement in the breed of the old Cordova carpet wool sheep was even then in rapid progress. They were being surrounded and narrowed in by improved flocks, so that those which had heretofore produced carpet wools were changing so rapidly that even at that date it was almost impossible to procure a quantity of the Cordova wool sufficient for his use in the manufacture of carpets.

Yet the reciprocity commission in the statement recently given to the public press as official declared that the bulk of the Argentine wools which would be favored by the reciprocity treaty would be these very carpet wools now still more rapidly disappearing.

In time the improvement in Argentine flocks will be the same as it was in New Mexico.

In 1868 New Mexico produced carpet wools almost exclusively, but with the advent of the railroads came Merino rams from the States, so that now, with the exception of a few flocks owned by Mexicans or Indians, carpet wools have almost ceased to be a product of New Mexico.

The production of Argentine carpet wools likewise will soon be a thing of the past. The clip of that Republic, together with that of Uruguay, is the sole exception to the general decrease in clothing wool production throughout the world, and if the wool duties are decreased it will be upon the class of wools that compete with and closely resemble our home-grown product.

Another objection is that the wools of the Uruguay district and those of Punta Arena (the latter composing parts of Patagonia and the country adjacent to the Straits of Magellan), and many other kinds of South American wools grown outside of the Argentine Republic, but which resemble Argentine wools so closely as to make identification almost impossible, will be admitted into this country at the same reduced duties.

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The very severe and important part of our competition with South American wools is with that imported on the skin. The River Plata is the shipping point for skins gathered up from all over South America, and the wool is pulled off of the pelt in the United States.

The present duty upon wool on the skin is 1 cent less than upon fleeces or clipped wool. This duty is now 3 cents per pound on carpet wools on the skin, and 10 cents per pound on clothing wool on the skin. A reduction of 20 per cent in these low duties on wool imported on the skin, which is important in volume, would be a very serious injury to the American wool growing industry.

SKIRTED WOOLS IN THE ARGENTINE.

The process of skirting—which, as is well-known, consists in the removal of the least valuable parts of the fleece, such as the leg and belly pieces, which in the Southern Hemisphere are particularly liable to become matted with burrs—was not extensively practiced in the Argentine previous to 1890. In fact, a Philadelphia wool buyer, who claims to have first introduced the practice and whose testimony is entitled to credence, states that the act of skirting as now practiced was almost if not entirely unknown there so late as 1895. During the free-wool period, however, the preference of the United States for skirted wools was recognized, and Argentine fleeces were skirted especially for the North American market, and sent here in large quantities, and on account of their greater average length of staple many manufacturers prefer them to the unskirted domestic at an even price. The wools require no sorting and are often used just as they are received in the original bale. There is no class of American wool that can be used without first sorting it.

Paragraph 356, Schedule K, of the Dingley tariff act states that wool, which has been sorted or increased in value by the rejection of any part of the original fleece, shall pay twice the duty to which such wool would otherwise be subjected, provided, however, that skirted wool as imported in 1890 is excepted.

It did not take long, however, for importers to procure evidence to prove that skirting was actually practiced in the Argentine in 1890, and many of these wools as now prepared for market, owing to this technicality, are admitted upon payment of a single duty.

It is therefore evident that a reduction of the rates upon these skirted wools from 11 cents to 8½ cents per pound, as provided by the proposed reciprocity treaty, would lower the duties below what would be adequate protection.

THE EFFECT UPON PRICES OF THE PROPOSED REDUCTION.

The proposed reduction in the duty is an important matter to the woolgrowers of the United States, as it would ultimately compel an equivalent reduction of 2½ cents per pound in the price of domestic medium wool. Argentine skirted low medium wools shrink about the same as the same grade of unskirted domestics, so that both command the same grease value in the United States.

Argentine crossbred wools, spinning to what are known here as 46's to 50's qualities, corresponding to an American medium in the unwashed condition, but skirted, now cost in the Argentine Republic 20 cents. With 1 cent added for freight the cost afloat in New York would not be under 21 cents, but with the Dingley tariff duty of 11 cents added the cost to the American consumer would be 32 cents for wool of the same class and quality as domestic unwashed medium combing, the outside price for which on January 1 was 29 cents. Thus it would appear that an effort is being made to reduce the duties of the Dingley Act before it has had a trial.

The proposed treaty would lower the importing point price for domestic unwashed medium wool from 32 cents to but a fraction over 29 cents, and this would practically wipe out the present 25 per cent margin between domestic wools and those grown in the Argentine, the disappearance of the margin being accomplished by the lowering of the duty-paid cost of foreign, instead of by the gradual but inevitable advance of domestic wools to the parity of foreign, which must take place as soon as the vast quantity of wool acquired on a free-wool basis in anticipation of the Dingley tariff act is consumed.

DISTURBING THE PRESENT TARIFF.

Not only will the proposed treaty disturb the gradually approaching equilibrium of the Dingley tariff act before it has had time to become fully established, and upon which alone permanent relations between woolgrowers and manufacturers can be based, but it disarranges entirely the whole theory of equitable, well-balanced, and mutual protection to both wool and woollens which worked so satisfactorily during the McKinley tariff period and now under the present law.

Based upon the fact that 4 pounds of average Argentine unwashed wool are required to make 1 pound of finished cloth, the compensatory duty upon woollens was arranged in that ratio, so that a pound of imported cloth now pays a duty of 44 cents, or four times the 11 cent duty upon 1 pound of unwashed wool of the first class.

The proposed reduction, however, would enable the American manufacturer to obtain his wool at a duty of only 8½ cents per pound, while the compensatory duty upon his product would remain at 44 cents, in effect decreasing by 20 per cent the protection to wool, but at the same time increasing by 25 per cent the compensatory protection to domestic woollen manufactures, or, to put it in another way, woollens would be protected by a compensatory duty equal to five times the duty on wool instead of the present rate of four times the wool duty.

The Dingley tariff act was so wisely drawn that manufacturers in the United States now enjoy for the first time in its history a larger share of the home market than ever before, and the recent advance of 10 per cent in the wages of 200,000 operatives in woollen mills proves conclusively that this advantage extends to the employee as well as the employer.

Notwithstanding the temptation to do so, however, to the credit of the manufacturer it must be said that so far from encouraging the passage of the proposed treaty a number of the most prominent ones have already earnestly protested to the President and Congressmen against disturbing the present condition of supposed security which has succeeded the recent chaos of tariff changes.

The National Association of Woollen Manufacturers at its annual meeting in Boston, on January 10, 1900, adopted a resolution specifically indicating their opposition to the ratification of the Argentine reciprocity treaty.

The woollen manufacturers of the United States are the only parties whose interests appear to be favored by the reduction in the wool duties, and they regard the Argentine treaty as a mistake and took action in opposition to the treaty before many of the woolgrowers had even heard that there was any proposition before Congress inimical to their interest.

WOOLGROWERS AROUSED.

At a meeting in Columbus, January 11, the Ohio Wool Growers' Association adopted a protest against the proposed treaty of reciprocity with the Argentine Republic, wherein a reduction of 20 per cent in the duty on wool exported to the United States is provided for. A committee, including the president of the association, was appointed to go to Washington and work against the ratification of the treaty.

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THE WOOLGROWER ACKNOWLEDGES SUBSTANTIAL BENEFITS RECEIVED FROM THE DINGLEY TARIFF ACT.

At the third annual convention of the National Live Stock Association of the United States, held at Fort Worth, Tex., January 16, the president, Mr. J. W. Springer, in the course of an address of welcome, said: "Less than a decade has passed since wool sold at 8 cents per pound on the range, while next year's clip is now being contracted for at 20 cents on the ranch. Our sheep could find no buyer during the free-wool period at \$1.50 and \$2 per head, whereas now anything with wool on its back is being searched for with great diligence at from \$2.50 to \$4 each."

Every Congressman knows that it would be impossible to accomplish the proposed reduction in the tariff on wool by a bill introduced for this purpose alone, but the same result may easily be accomplished through the proposed treaty provisions now so strenuously opposed by all the interests involved.

Q. (By Mr. LITCHMAN.) Have you any explanation to give of the world-wide decrease per capita in the use of wool?—A. Yes; if I have not made that clear before. In the early part of my remarks I stated that new methods of manufacture have been discovered which made it possible to use cotton and mix it with wool so that it could not be detected and so that it in no way injured the wearing quality. With cotton at 10 cents a pound and scoured wool at 60 cents, there is a tremendous inducement to substitute as much cotton as possible without making an entire cotton fabric. This, as I stated before, is a world-wide condition and not limited to the United States. Our manufacturers did not understand it previous to the Wilson tariff period. It is a lesson they learned from foreigners during that period.

Q. You did not make that quite clear, and I thought you might want to make a further statement.—A. Those are the facts. The substitution is world wide.

Q. Are you aware of any movement for the extension of foreign commerce in connection with the wool manufacture of the United States?—A. No. Under present conditions that would not be possible to a very large extent; and I will tell you why. We have extended our exports of manufactures in steel goods. We have here the raw material, the coal and the ore in inexhaustible supply. The tariff was so high upon manufactures of iron that capital was induced to enter into that branch of manufacture, and enormous plants like the Carnegie's and the Bethlehem steel works and others have grown up, so that to-day, notwithstanding we pay double the wages that are paid abroad in similar lines of business, we can compete with the foreign manufacturer in making steel bridges and locomotives and things of that kind; but in woollen manufacturing we can not, for the reason that the element of labor is so large in manufacturing textiles, and particularly clothing, that it is not likely that we shall ever be successful in competing with Europe in the markets of the world. We had a chance at free wool during the Wilson tariff act, and that experiment is sufficient to satisfy everybody now in the business that we had better not attempt that again.

Q. You found that experimenting with free wool you lost your home market and failed to get another?—A. Yes; and the reason for that is the foreigner has some advantages over us in the way of wool supply. Wool can not be produced in the United States, where the sheep have to be housed and fed grain a portion of the year, in competition with the wool in the Southern Hemisphere, where they graze out all the year round. Even in our own Territory, where they graze over the Government land, we have to cut hay for them in the winter, and even with that advantage we are unable to compete on even terms with foreign manufacturers, because the element of labor is the maximum cost in producing textiles, while in steel it is the minimum.

Q. Can you state, to the yard of cloth, the relative ratio of material and labor?—A. No; that would be trespassing on the ground of the manufacturer, and I would rather not enter on his territory; but I can state in general terms that the element of labor in textiles is so great that if the foreigner has any advantage in raw material he can whip us at the end. Until we get wages down to his basis, where they work 14 hours a day—when we come to that we can take the markets of the world for woollen cloth. I do not know what is to happen to us when we make more woollen cloth than we consume. We are rapidly approaching that. I can not imagine conditions in the United States where factory girls work 14 hours a day and until noon on Sunday. We had better stop making cloth. Although in the course of centuries the time may come when our population will be so dense that conditions prevailing in Europe may prevail here, but so long as there are unoccupied lands, and there are so many opportunities for men and women to get employment which is better than any they have the opportunity to have in overcrowded Europe—

Q. (By Mr. CLARKE, interrupting.) Is it not probable that if we had a long period of steady general prosperity, the producing power, or rather, the purchasing power of the poorer classes, many of whom do not wear much wool, will increase so as to make a larger home market for the woollen manufacturer?—A. That undoubtedly is the direction in which the woollen manufacturer is looking.

As I explained a little while ago, during the fiscal year, or 12 months, from July to July, American mills consume 50,000,000 pounds a month, or 600,000,000 a year, which means that people have been able to buy woolen cloth who never before have been able to purchase such. The population has increased and the purchasing power has increased. We export practically none, and any expansion in the production means an increase in consumption. If railroad earnings, which are usually taken as the criterion of trade conditions, may be taken as a basis, railroad earnings are greater than they have ever been, which means there is more business, more transportation. An increase in transportation means that people in remote districts are requiring materials more than ever before. It goes without saying that if they require it they have money to buy it.

Q. (By Mr. FARQUHAR.) Now, while you are making these remarks about the small foreign market for woolen goods, do you take into view the whole carpet trade of this country?—A. No; I do not. That is an exception. I was speaking of such textiles as people wear. Carpets are woven rapidly by machinery, and some carpets are exported, but it is not a profitable business. I will explain why it is not. The head of one concern, on the banks of the Hudson, which has largely exported carpets, informed me they could reduce the cost of manufacture per yard if they ran their mill—to use his expression—"as tight as we can run it; everything humming to its utmost, and by doing that we can produce more carpets than we can find a market for in the United States. We send our surplus to London and sell at auction for what it will bring, and sometimes it brings less than the cost of production; but our corporation pays a dividend every year." Now, they could not do that except they found a place to dump their surplus. In that we are reversing the practice of the tin-plate manufacturer. He used to keep up the price of the tin plate all over the world and dump his surplus on the United States and crush our infant industries in the tin-plate business—when we had no tariff. This is reversing the case; the goods that are exported are sold at a loss, but if they made only what they could sell here they would have to run short time.

Q. Is it not usually claimed that Philadelphia has quite a large trade in Axminsters, moquette, and chenille?—A. I know of no considerable quantity of Philadelphia carpets that are exported.

Q. Is it not generally understood that the Philadelphia carpet has supplanted the British carpet?—A. In our home market. I do not know of any imported carpets ever sold. The highest grade of carpets, all the Wilton and Axminsters, are made in America—are all of American production.

Q. Is there not a considerable export of chenille?—A. I do not know as to that. My business does not bring me in contact with carpet manufacturers. I am not acquainted with the subject in this one instance, nor did I take the trouble to investigate the export of carpets. I do not see how it could be done when there was a duty on carpet wool and wages double that in any country where carpets were to be exported. But under conditions of overproduction they export the surplus and sell at a loss, and the company pays a dividend. That is all I have to say.

Q. Have you any remarks to make generally on the subject of reciprocity as affecting the American manufacturer?—A. I believe in James G. Blaine's reciprocity, which relates to duties between two countries on commodities which one or the other country does not produce. If there is anything we produce that another nation does not have, and they have something which we do not have and which does not take the place of something which we have, I believe in making reciprocity duties which would cover such an industry; but it ought to be safeguarded with conditions that would prevent the destruction of any industry here established.

Q. (By Mr. LITCHMAN.) Are you familiar with the French system of maximum and minimum duties?—A. No. I do not believe in a sliding scale. My experience with imports is that if there are two duties the great bulk of them come in at the lower duty; and there are commodities with a new commercial name, and the courts settle it, and the nation loses every time. I remember a case of the highest form of manufactured wool. This was under the law of 1888, when waste was brought in at the low duty of 10 cents a pound, while on merino wool, scoured and combed ready for spinning to yarn called "top," the duty would have been 60 cents a pound. Machinery was devised which broke the merino wool top up into small pieces so it could be called waste, and it came in at 10 cents a pound. A number of us protested, and suit was brought against the importers to collect the proper duty. Men were brought in from woolen mills and run through the witness stand by the score. "Here is the article; are you familiar with it?" "Yes." "What is its name?" "Waste." "That will do." So when the judge charged the jury the weight of the evidence was that this was waste. The district attorney here in Philadelphia received a commission to go abroad, and he found the man breaking it up, and found the machinery, and it was being broken up to avoid the

American duties and to pass as waste. When he got back there was a new trial, and the Government won its case; and the McKinley law was passed shortly after that, and that safeguarded the American industry so that practice was no longer followed. But it only proves this: That if there are two duties means will be devised to avoid the higher one, and the goods will come in under the lower.

Q. As I understand the working of the French tariff, it has a maximum and minimum duty, and the minimum duty is used with countries that will give an equal concession to France, and to that extent has the appearance of reciprocity?—

A. Well, that will probably depart from Mr. Blaine's theory of reciprocity, which is limited to the exchange of commodities one of the countries does not produce. That is the only principle that America ought to consent to—the Blaine theory.

Q. Unless the minimum is sufficiently high to protect the country?—A. Yes. We got into our blunder with the Argentine Republic through Mr. Kasson receiving misinformation which he was convinced was correct.

Q. (By Mr. CLARKE.) A friend of mine who spends about half his time in Buenos Ayres buying wool informs me that agents for American agricultural machinery and implements whom he has met in that country inform him that they can not sell their goods because the farmers wishing to use their machines and implements are unable to export their wool to America; and he thinks, therefore, that we ought to have a treaty which will permit such an exchange, and that it will be a benefit to both countries. What do you say to that?—A. I think the advantage to the American agricultural machinery manufacturer would be more than offset by the disadvantage to the American wool industry. There are 2,000,000 woolgrowers in the United States; that is, there are 1,000,000 owners of sheep, and they will each average 1 employee, so there are practically 2,000,000 people directly interested in the growing of wool, to say nothing of the transportation of that wool and others who handle it, so that anything that disturbs or injures or cripples it would cripple a very much larger number of people than would be benefited by any increase in the manufacture of agricultural implements. There is no doubt about it being a benefit to the agricultural implement manufacturer to get the markets of the world. It was that influence that worked up this reciprocity treaty. We found there was a lobby in Washington, backed mostly by the agricultural implement manufacturers, that was behind this Argentine reciprocity. That was perfectly proper and right for them, for they saw no further than their own interests, not taking the broad view of it as it might affect the whole nation, and they of course did what they thought was a very reasonable thing to do, and thought the nation would be benefited.

Q. Is it true that the whole trade with South America is conducted on the principles of barter?—A. No; not at all. The wools in South America find their way to Buenos Ayres. The men who sell their wool have no choice whatever of the part of the world to which that wool is to be shipped and it accumulates in what are called "barracas," which would be perhaps the Spanish word for warehouse, and buyers from all over the world come there and make their selections, and the grower has no knowledge whatever of the final destination of that wool.

In a political sense much use has been made of these circumstances. Since it became a political question the woolgrowers there have been harangued on the subject of forcing a market in the United States for their wool as the price of selling agricultural implements; but I do not imagine 1 per cent of the woolgrowers there know or care where their wool goes. The market price in Buenos Ayres is regulated by the London and Antwerp markets, and a good deal of it goes there—most of it goes there. Some little comes to the United States, and that little is the largest part of the wool imported into the United States from any nation in the world, with the single exception of Australasia. So I think it will be found out, if the figures are investigated, that they are sending us already many times over the value of the agricultural implements they buy from us. This is a point I would suggest for investigation: Take the export value of agricultural implements that go to the Argentine Republic and take the import value of the wool we already buy from them, and I venture to say that we buy from them a thousand times more value in wool than they buy from us in the shape of agricultural implements.

Q. (By Mr. FARQUHAR.) When you pass upon your testimony as printed by this commission, could you conveniently at that time make that comparison?—A. The figures would be easy to obtain.

Q. It is the intention of the commission to have you give it as a part of your testimony.—A. I will prepare a table and submit it at your next session showing that the Argentine Republic sells about 92½ per cent of her wool to Europe and buys of Europe only about 8½ per cent of her agricultural machinery; while about 7½ per cent of her wool is exported to the United States and 91½ per cent of her agricultural machinery is bought here.

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(Mr. Theodore Justice was recalled as a witness on December 19, 1900, at 12.40 p. m., and further testified as follows:)

THE WITNESS. The question that was being considered at the termination of my previous examination was that of reciprocity, and the question of the comparative amounts of merchandise exported by the Argentine Republic to the United States and bought from the United States was under discussion. You asked me some questions. I thought I knew where to get the exact information which you asked for, and I have procured it this morning at the Philadelphia Commercial Museums, an establishment that is equipped better than any other in the world for information of that kind; and they were particularly well equipped with information relating to the demand by the Argentine Republic for American agricultural machinery and with the quantities purchased by that nation of us during recent years. So I have brought with me the information that you asked for.

As I understand the contention of the representatives of the Argentine Republic, it is that if we would reduce our duties on their wool they would buy more of our agricultural machinery; claiming that they would buy much more of our machinery if we would take much more of their wool; and that there would be mutual advantages in an increased trade in that direction. In other words, if we would buy more of their wool they would buy more of our agricultural machinery.

An investigation of this subject has shown me that they export 92½ per cent of their wool to Europe and buy of Europe 8½ per cent of their agricultural machinery. They export to the United States 7½ per cent of their wool, and buy 9¼ per cent of their machinery of us.

There is another feature that is conspicuous, which completely refutes their statement. We have sold to the Argentine Republic in the 3 years, 1897, 1898, and 1899, \$3,539,622 worth of agricultural machinery, nearly the whole of it having been sold to them since we put the duty upon wool. They bought very little from us when we took their wool free of duty. In 1897 they bought less than \$500,000 worth of agricultural machinery of us, when we took a larger amount of their wool free of duty than ever before. In 1898 and 1899 we imposed a duty of 11 cents a pound—or perhaps it would average about 10 cents, because some of it was carpet wool—and they bought in those 2 years over \$3,000,000 worth of agricultural machinery—more after the tariff was put on the wool than they bought when the wool was taken free of duty.

Now, as they bought almost all their agricultural machinery from us, they have undoubtedly taken all they need and all they require, so that their proposition to increase their purchase of agricultural machinery from us in return for a reduction of duty upon their wool does not indicate their ability to carry out any such proposition, because they get practically all they use from us under existing conditions.

I have prepared a table giving these figures, and will submit it as part of my testimony. It is important because it contains a statement of facts that would look as though the representatives of the Argentine Republic were endeavoring to sell us a gold brick.

The following is the table above referred to:

	Period.	Amount.	Remarks.
Total Argentine wool exports...	3 years—1897, 1898, 1899...	\$154,318,466	7½ per cent exported to the United States.
Exported to the United States from Argentine.	3 years—1897, 1898, 1899...	11,655,994	
Exported to Europe from Argentine.	3 years—1897, 1898, 1899...	142,662,472	92½ per cent exported to Europe.
Total imports of agricultural implements into the Argentine.	3 years—1897, 1898, 1899...	3,881,710	
Total imports of agricultural implements into the Argentine from United States.	3 years—1897, 1898, 1899...	3,539,622	9¼ per cent from the United States.
Total imports of agricultural implements into the Argentine from other countries.	3 years.....	342,088	8½ per cent from other countries.

Total value of the wool clip of the United States for three years, 1897, 1898, and 1899, was \$168,000,000.

That is all I have to say, excepting upon the question of labor. I will say there are 2,000,000 people directly and indirectly engaged in the production of American wool. I am not familiar with the number of people employed in the manufacture of agricultural implements, but I doubt very much whether there are 20,000 in the United States. The number engaged in making the amount of agricultural machinery sent to the Argentine Republic certainly would not be more than 2,000 or 3,000; and to benefit these 2,000 or 3,000 men by the increased sales of machinery to the Argentine Republic it is proposed to injure 2,000,000 Americans engaged in the production of wool. So, looking at it from that standpoint alone and entirely apart from the situation suggested by these figures, I can not see that it can be at all to the interests of the people of the United States—the working people of the United States—to consider for 1 minute the proposition that has been made to have reciprocity with the Argentine Republic on the question of lower duties on wool when we already sell them nearly all of their agricultural machinery.

Q. (By Mr. CLARKE.) Does the importation of wool directly to this country from the Argentine Republic measure our consumption of the wool grown there? Is it not a fact that we import from England large quantities of Argentine wool?—

A. The bulk of it comes to us via the continent of Europe, but in the Treasury record of our importation of wool from the Argentine Republic, that country is credited with every pound received, no matter how it comes, whether via Great Britain or elsewhere.

Q. Would that method of receiving wool grown there be essentially changed if we had reciprocity with them?—A. The American nation can not take very much more wool than it now receives from abroad without crowding out the American producer's opportunity to sell. If we should increase our imports from the Argentine Republic considerably, we should have to reduce the American producer's market to that same extent. We now have all the wool we want, more than we want; we import a little in addition to the American supply, and if we increased our importations from the Argentine Republic it would not lessen our importations from Australia, because they are not the same kind of wools. The Argentine wools are precisely the same as the American, and if we make a larger market here for the Argentine wools it is at the expense of the American producer. Any increase of importation from the Argentine Republic is at the expense of the American producer. It is not likely we can expand very particularly in the matter of wool consumption, as I stated yesterday. It has been demonstrated through the 12 months from July 1, 1899, to July 1, 1900, when the machinery for the first time in its history ran to its utmost capacity, that in 12 months we can produce as much as we can consume in 15 months; so we have reached the maximum of consumption.

Q. If we have prosperity, will not the purchasing power increase so they can take more woollen goods?—A. There will be some increase in population, and it will mean an increased use for wool. The American workman buys more clothing than any other workman in any other part of the world, and when his wages are quadruple those on the other side, instead of being double, probably every member of his family will indulge themselves in luxuries in the way of woollen clothing, so we may expand our woollen manufactures in that way, but we are limited to our home market for the present. Unless labor conditions are reduced to the level of those in Europe, or below that, we can not expect to capture the markets of the world for woollen textiles.

Q. If labor conditions were reduced to the European level, would not that impair the purchasing power of the people?—A. Decidedly. The European laborer or workman buys but little clothing. It takes all he earns for food and shelter, leaving no margin for anything but the barest necessities in the way of clothing. The American workman has a Sunday suit, and his wife dresses as well as anybody else; you see them in their good clothes and you would not know who they were. A Swiss girl arrived in this country, and her sister had been a governess in my family. When she arrived she remarked, "Is this a holiday?" (She arrived on a week day.) "No; why do you ask?" "Why, everybody is in their Sunday clothes." That illustrates the way the American people spend their money when they have it to spend; they buy more and better clothing.

Q. (By Mr. LITCHMAN.) Yesterday you spoke of the advantage that foreign woolgrowers have by reason of the sheep grazing all the year round.—A. Yes.

Q. The question has been suggested whether they do not have to pay rental for the grazing lands.—A. In Australia the rental on pasture lands is not as great as the American taxes on the sheep. Judge Lawrence is, or was, the president of the National Association of Wool Growers; you will find it in his statement before the Ways and Means Committee when Mr. Wilson was chairman.

Q. Your judgment is, then, if there is any advantage it is overcome by the disadvantages of the wool growers of the United States?—A. The United States has

disadvantages to contend with in the matter of taxation and high freight transportation that more than counterbalance any other advantages.

Q. (By Mr. CLARKE.) Do you think of anything else you would like to state?—A. I think that covers everything. Mr. Steel has mentioned a circumstance or thought that is in the mind of every woolen manufacturer that I meet. Their experience with the Wilson tariff law, when they were conceded the advantages of free raw material, was such as to cause them to feel a degree of terror when any suggestions are made toward altering the tariff; they hope it will be let alone. Many of them admit it is not such a tariff as they would have made; very few will concede that the wool duties are not too high; it would be to their interest to have lower wool duties. But notwithstanding wool duties were placed higher than they ought to be in the opinion of manufacturers, I can not find a single man who is willing to take the risk of any tariff changes. They will endure any disadvantages they are at cheerfully and for years to come rather than have the subject of a change even broached. They suffered so before under tariff changes, and have seen how difficult it is to make a perfect law where there are representatives from such conflicting interests that they believe we have as near a perfect instrument as can ever be devised. It is practically the old McKinley law with some improvements, and it is working well; and while the profits of the manufacturers are small, and they grumble a good deal about not being enabled to run their machinery full time through the whole of the year, yet they all admit they are better off than they are likely to be with any change that is likely to be made.

(Testimony closed.)

PHILADELPHIA, December 21, 1900.

TESTIMONY OF MR. CHARLES H. CRAMP,

President of the William Cramp & Sons Ship and Engine Building Company, Philadelphia.

The subcommission being in session at The Manufacturers' Club, Philadelphia, Mr. Charles H. Cramp appeared as a witness at 10.05 a. m., and, having duly affirmed, testified as follows:

Q. (By Mr. FARQUHAR.) Please state your full name, address, and business.—A. Charles H. Cramp, president of the William Cramp & Sons Ship and Engine Building Company. Address of the shipbuilding company is Philadelphia.

Q. Have you any statement that you desire to make preliminary to any questions by the commission?—A. The best idea I can give you of the progress of our shipyard would be extracts from the monograph which we published at the beginning of 1894, which brought its history down to that point.

At that time we said (reading): "During the 64 years of its existence, to the end of 1893, the number of men employed in Cramp's shipyard has increased from less than 100 who worked for William Cramp when he began business on his own account in 1830 to the army of 5,600 in the service of the present company, and the pay roll has grown from a few hundred dollars in the primitive old yard to \$54,000 a week at this writing, besides the enormous amount of labor employed and wages paid by contributory industries upon which the shipyard relies for material in various stages of manufacture.

"The shipyard has reached a stage of development at which it is not merely a manufactory in private hands, but the greatest naval arsenal in the Western Hemisphere, universally recognized by the Government, the press, and the people as a public institution of the first importance to the sea power of the nation.

"The founder of these works, William Cramp, was of the true American pioneer type; the type of men who leave behind them permanent monuments of creative genius. Beginning work on his own account at the early age of 23, and on a considerable scale for those times, he steadily pushed his way to the front, shrinking from no obstacle and undismayed by any misfortune. He was essentially a man of steady habits; free from vices, scrupulously exact in business engagements; methodical in the conduct of his work; a thorough and effective disciplinarian in the management of his working force; yet mild of manner and genial of intercourse.

"His pride in his work, which was extraordinary, sprung more from ambition to excel in professional reputation than from a more sordid motive. He liked a profitable contract; but he liked better to have his name borne over the world as

the builder of famous ships, and more than once in a long career his ambition for distinction got the better of his desire for profit. At the time of his death he had completed more than half a century of constant professional work on his own account, during which period he had doubtless missed fewer days' work than any man he ever employed. His vigor of body was equal to the energy of his mind, and it is literally true that his last illness was also his first.

"At an early period of his career the value of the enterprise which he was steadily creating became apparent to his neighbors, and he soon established a business standing and repute universally conceded to be unimpeachable.

"The existing establishment may fairly be viewed as a case of 'survival of the fittest.' When William Cramp laid his first keel in 1830, there were not less than 13 other shipyards on the river fronts of Philadelphia—the Delaware and the Schuylkill—and they were of approximately equal capacity and importance. No trace of any of them lingers now. Excepting the establishment of Neafie & Levy and the Charles Hillman Company, which are on a comparatively small scale, though possessing enviable repute for high quality of work, modern shipbuilding in Philadelphia is concentrated in the yard and shops founded by William Cramp.

"To trace the vicissitudes under which these old-time shipyards disappeared one by one might form an interesting study, but for the present it suffices to say that Cramp's alone survives to this day, growing apace with the city, the country, and the times in which we live, until it has become a colossal monument to the perseverance, the industry, and the probity of the modest man whose name it bears.

"The shipyards which have vanished built wooden vessels only. When the great change from wood to iron came the establishment founded by William Cramp proved to be the only one prepared to meet the new conditions. No one not familiar with the shipbuilding art can comprehend the full significance of the transition. It involved not only new processes but new skill. Hardly a tool that was useful in wood construction could be turned to use in iron. The woodworking shipwrights found themselves practically compelled to learn a new trade, but animated by the pluck and perseverance of William Cramp, those in his employ enthusiastically cooperated with him and quickly mastered the new art. All saw that the iron ship was inevitable, and William Cramp accepted it at the threshold of its advent. The other shipbuilders of his era could not or would not meet the new situation, and their shipyards have passed away."

Among the principal events of William Cramp's career was the building of the *New Ironsides*, the first American seagoing battle ship, in 1862, of which I offer a brief historical sketch. (Reading:)

"At the outbreak of the civil war armored ship construction was in its infancy. Except a few ironclad floating batteries employed at the bombardment of Kinburn in the Crimean war, and the armored frigates *Warrior* of the English navy, and *Couronne* of the French navy, just then completed, there was no guide of experience or observation as to either design or structure of ironclad vessels. Our Government, however, at an early period determined to build the most powerful cruising ironclad that the facilities of the country would admit. William Cramp & Sons unhesitatingly entered this untried and unknown field, and made a contract for the construction of the *New Ironsides*. She was of entirely unique design, 250 feet long over all, 58 feet 6 inches beam, and when fully equipped for sea drew about 16 feet, with a load displacement of about 5,000 tons, her registered tonnage being 3,250 tons. She was ship-rigged, had engines of 1,800 horsepower, and her speed under both sail and steam with a fair wind was about 11 knots. Her battery was 16 11-inch Dahlgren guns in broadside, with 2 200-pounder Parrott rifles on pivots forward and aft, all protected by sloping or inclined armor 4 inches thick. When the contract was signed, most of the timber of which she was built stood in the forests. But her heavy hull was framed, planked, decked, and plated in 7 months from the signing of the contract, and in 11 months from that date she was in action against Fort Sumter. Her service continued active and efficient throughout the war, including several actions with Fort Sumter, the bombardments of Fort Fisher, and other important engagements. She was a strong, comfortable, and seaworthy ship, and was generally considered the most formidable seagoing ironclad of her day. During this arduous period of her service, her executive officer was the present Admiral George E. Belknap, one of the ablest and most distinguished officers in the American Navy, who held that position until promoted to command the monitor *Canonius*."

I will state here that the *New Ironsides* was designed by myself. (Continuing reading:)

"Though the development of 30 years has made the *Ironsides* appear crude, yet in her time, and in view of the circumstances of her building, she was a remark-

able achievement, and proved invulnerable to any of the ordnance of that day. Her framing was the most massive ever put in a wooden ship, and her floors withstood without serious injury the explosion of a large barrel torpedo under her while at anchor off Charleston. In several actions when her monitor consorts were severely handled and 2 sunk, her sloping sides protected by 4-inch iron plating laid upon 14 inches of solid timber backing, constantly deflected the enemy's shot, and the only injury she received in more than 20 battles was that of having a port shutter carried away.

"The most conspicuous service of the *New Ironsides* was in the bombardment of Fort Fisher, January 13 and 15, 1865, and it was also her last heavy engagement. She had been continuously at sea for over 3 years at that date, and all the time in Southern waters, but being coppered she escaped the fouling to which iron-bottomed ships are subject, and her cruising and maneuvering efficiency was never greater than at Fort Fisher. Her station there was on the left of the "inner line," composed, besides herself, of the double-turreted monitor *Monadnock*, and the single-turreted monitors *Saugus*, *Canonicus*, and *Mahopac*. The *Ironsides* anchored about 600 yards from the middle bastion of the fort, in which were mounted 2 150-pounder Armstrong rifles. As these guns were much more powerful than any of the ordnance which the *Ironsides* had encountered at Charleston or Savannah, it was feared that she would suffer. But she withstood the 150-pounder Armstrongs as well as she had the 10-inch Columbiads and 7-inch Brooke rifles of the Charleston and Savannah defenses, and held her station to the end without serious injury: finally dismounting 1 of the Armstrongs and silencing the other with her battery of 11-inch smoothbores. It is worthy of note that the combat between the *Ironsides* and Fort Fisher was at the closest range ever attempted by a cruising ship against a land fortification.

"No ship of the war-time Navy saw more active service, and none was in action as many times as the *Ironsides*. In 1866, while lying in ordinary at League Island, she took fire and burned to the water's edge, when she sank; having made an imperishable place in our history as the pioneer seagoing armored battle ship of the American Navy."

In 1872-73 the four vessels forming the original American line were built, of which ships I also offer a short history. (Reading:)

"In 1870 there was a considerable revival of national spirit in an effort to regain the position of a maritime commercial power which our country had lost through the civil war. The immediate upshot of this movement was the formation of the American Steamship Company, and the construction, by the Cramp Company, of four steamships, known as the *Indiana*, *Illinois*, *Pennsylvania*, and *Ohio*. There were at that time indications that the policy of the General Government toward the national merchant marine would be liberal, and it is probable that these indications had some bearing upon the action of the American Steamship Company; but, if so, the policy was altered too soon to realize any benefit, and its subsequent career presented the aspect of an unequal and, of course, unsuccessful contest between an unaided American private enterprise and British competitors backed by all the resources of their powerful Government.

"The 4 ships of the American line were commissioned in 1872-73. They are 357 feet long over all and 343 feet between perpendiculars; 43 feet beam, with a tonnage depth of 24 feet, United States measurement, and their gross register is 3,126 tons. They were powered with 2 cylinder compound engines, having piston diameters of 48 and 90 inches, with 48-inch stroke, and, carrying 65 pounds steam pressure, they developed about 2,000-horsepower, which gave them an average speed of 14 knots."

These ships excelled the speed of the *City of Brussels*, which was the fastest vessel crossing the Atlantic at that time. She burned 1,000 tons of coal on the trip, while the American ships burned less than 500 tons. The *Brussels* had 100 men in the fire room and the American had 37 only. These economies were the result of the introduction of the compound engines. (Continued reading):

"They made 8-day trips, and for a time attracted their share of the trans-Atlantic traffic; but, as already intimated, they succumbed at length to the competition of their subsidized British rivals, and ultimately passed under the control of the International Navigation Company, by whom they have been considered worth reequipping with new triple-expansion engines after 20 years of continuous service. These ships, though not so large or so high powered as some contemporary vessels, embodied the best ship-building practice of their date as to material and workmanship, and are still creditable specimens of American ship-building skill 20 years ago, as well as of first-rate efficiency in their class.

Suffice to say that, for more than 2 decades, they have had the melancholy distinction of being the only merchant steamships to show the Stars and Stripes

regularly in the ports of Western Europe, and in the 300 and odd passages that each of them has made, their performance has invariably been excellent. At any rate, though overshadowed in size and distanced in speed by later products of the fierce competition which has followed their advent, the 4 "American ships" have served to tide the name of the American merchant marine over a score of dreary and disheartening years; and now, in the dawn of a brighter epoch, they remain sturdy links, connecting the promise of the future with the glories of the past. It has been no easy errand to keep the American flag fluttering on a North Atlantic steamship since 1872; but these 4 ships have done it, and we feel that, in the present reawakening of our national maritime spirit, the great public will at least pardon the pride we naturally take in them as part of the work of our establishment."

Now, at the time we contracted for these 4 ships, the foreign steamship companies abroad increased their output of new ships at once, and of ships a great deal larger than had been the practice of building. Every individual line built new ships, all faster and larger, so that when the American ships were started and by the time they had made 1 or 2 voyages the freights had fallen more than one-half—more than two-thirds of what they were before the contract was made for the building of these ships. This was due to the foreign lines adding double their number of ships and also doubling the size. They have been increasing in these particulars ever since. The introduction of these ships was the beginning of the great increase.

Q. (By Mr. CLARKE.) That was what year?—A. That was in 1870.

Q. (By Mr. FARQUHAR.) The statement you are making now reaches down to 1893, particularly. What is the subsequent history?—A. From the end of 1893 to the present time we have built and are now building hulls from No. 270 to No. 314, inclusive, 41 ships.

I offer now a table of these ships, giving the tonnage in each case. It would be somewhat misleading, however, to sum these tonnages, because in the merchant vessels it is registry tons and in ships of war it is displacement tons.

Q. (By Mr. CLARKE.) Can you briefly describe the difference between registry tons and displacement tons?—A. Displacement tons are used in warship practice and represent the weight of water actually displaced by the hull. If a ship was put into a pair of scales and would weigh 10,000 tons, it would displace exactly 10,000 tons of water; but tonnage as applied to merchant vessels is the internal capacity. The internal capacity of the vessel is ascertained, and this is called tons—tons measurement, not tons weight.

Q. (By Mr. LITCHMAN.) What would be the comparison between tons registry and tons displacement?—A. Tons registry is always a great deal less. For instance, we are now building 2 ships for the American Line that will displace 19,000 tons, but will not have a gross registry tonnage of over 12,500 or 13,000. They are not measured yet.

Q. Will you explain the difference between gross tons and registry tons?—A. Gross tons are registry tons. There is also a further registry called net tons, and the difference between gross tons and net tons is that the spaces taken up by the boilers and engines are deducted from the entire internal capacity of the ship.

Gross tons represent the internal capacity of the ship in what are called measured tons.

(The table above referred to follows.)

List of vessels built by the William Cramp and Sons Company since 1893, date of delivery, and tonnage.

Hull No.	Name.	Tonnage.		Date of delivery.
		Gross.	Net.	
270	Indiana (U. S. battle ship)	1 10,388	.....	Nov. 20, 1895
271	Massachusetts (U. S. battle ship)	1 10,388	.....	June 10, 1896
273	Minneapolis (U. S. cruiser)	1 8,060	.....	Dec. 13, 1894
274	Columbia (yacht)	380	190	Sept. 28, 1893
275	Brooklyn (U. S. cruiser)	19,215	.....	Dec. 1, 1896
276	Iowa (U. S. battle ship)	11,363	.....	June 15, 1897
277	St. Louis (trans-Atlantic)	11,629.21	5,893.73	May 25, 1896
278	St. Paul (trans-Atlantic)	11,648.80	5,874.14	Sept. 29, 1896
282	Lebanon	1,485.98	1,157.73	Oct. 30, 1894
283	Comanche	3,202.44	2,073.22	Dec. 1, 1895
284	Thespiea (yacht)	311.74	170.04	Sept. 30, 1895
285	Curacao	1,503.44	895.21	Dec. 9, 1895
286	Tamaqua (tug)	564.41	383.80	Feb. 10, 1896

¹ Tons displacement.

List of vessels built by the William Cramp and Sons Company since 1893, date of delivery, and tonnage—Continued.

Hull No.	Name.	Tonnage.		Date of delivery.
		Gross.	Net.	
287	Atlanta	2,094.50	1,399.39	May 23, 1896
288	McCulloch (revenue cutter)			Dec. 18, 1897
289	Pittsburg (ferryboat)	1,273.41	865.92	Dec. 31, 1896
290	Alabama (U. S. battle ship)	¹ 11,500		Oct. 16, 1900
291	Kasagi (Japanese cruiser)	¹ 5,300		Nov. 2, 1898
292	Miami	1,741.20	1,311.96	Nov. 30, 1897
293	Dorothea (yacht)	433.18	252.30	June 3, 1898
294	Havana	5,667	4,193	Jan. 26, 1899
295	Mexico	5,667	4,193	June 7, 1899
296	Admiral Dewey	2,104	1,335	Nov. 22, 1898
297	Admiral Sampson	2,104	1,335	Dec. 1, 1898
298	Admiral Schley	2,104	1,335	Dec. 14, 1898
299	Admiral Farragut	2,104	1,335	Dec. 27, 1898
300	Retvizan (Russian battle ship)	¹ 12,500		Building.
301	Variag (Russian cruiser)	¹ 6,500		Finished.
302	Maine (U. S. battle ship)	¹ 13,000		Building.
303	Morro Castle	6,004	3,752	Nov. 1, 1900
304	Sierra	5,989	3,756	Nov. 11, 1900
305	Sonoma	6,253	3,936	Nov. 16, 1900
306	Ventura	6,253	3,936	Building.
307	(Pontoon)			Do.
308	(Calson)			Do.
309	Esperanza	² 5,000		Do.
310	Monterey	² 5,000		Do.
311	Kronland	² 15,000		Do.
312	Finland	² 15,000		Do.
313	Clyde Line	² 2,200		Do.
314	.....do.....	² 2,200		Do.

¹ Tons displacement.

² About.

The *St. Louis* and the *St. Paul* were 2 ships for the International Line. They were the first 2 ships built to carry the flag across the Atlantic Ocean since the 4 American ships I spoke of, built in 1870. They are now running.

The *Havana* and *Mexico* are 2 very large steamers running between New York and Habana now. They are steamers, and larger than the old American ships I spoke of, the *Indiana*, *Ohio*, *Illinois*, and *Pennsylvania*. They are also faster by 5 knots; they make between 18 and 20 knots and the others about 14. This will give you an idea of the growth of the coastwise ships.

Admirals Dewey, Sampson, Schley, and Farragut, are 4 ships belonging to the American Fruit Company. They are 2,104 tons.

The *Retvizan* is a Russian battle ship, which is now overboard and receiving her boilers and engines. She will be the fastest battle ship in the world.

The *Variag* is getting ready to sail. She is the fastest cruiser up to this time afloat. She is beyond the pale of comparison in her speed—over 23 knots for 12 hours under natural draft easily. There has nothing yet approached that speed under those conditions.

The *Maine*, United States battle ship, is on the stocks. She will be 13,000 tons.

The *Morro Castle*, for the Habana Line, is still longer than the *Havana* and *Mexico*. She is 6,000 tons gross.

The *Sierra*, the *Sonoma*, and the *Ventura* are for the Australian Line, between San Francisco and Australia. The *Ventura* is getting ready to go away. The *Sierra* and *Sonoma* have gone, and the *Ventura* will start in about a week. They are about 6,000 tons and are to make fast time between San Francisco and Australia.

We have 2 others for the Ward Line between Cuba and New York, called the *Esperanza* and *Monterey*, of 5,000 tons gross.

The *Kronland* and *Finland*, of 15,000 tons gross, are building for the American Line.

Numbers 313 and 314 are 2 coastwise ships for the Clyde Line. They are 2,200 tons gross. They are the last.

In conclusion, I offer a short résumé of the history of Philadelphia shipbuilding as a whole:

(Reading:) "Shipbuilding has been a prime industry of Philadelphia since the foundation of the city. During the colonial period no adequate records were kept, but from tradition and from private documents it is known that Penn himself began to promote shipbuilding within a few years after his settlement here.

Of course, the earlier construction was not important, though it is known that vessels large enough for the coasting and West India trades were built within the present water front of the city during the first quarter of the eighteenth century. Tradition places the locality of the first shipyard in the vicinity of the present foot of South street. However, as a topic of general modern interest, shipbuilding in Philadelphia may be dated at the close of the War of Independence. That war had left the colonies entirely destitute of shipping.

"It is worth while to remark, as a tribute to the sturdy patriotism of the First Congress, that with every temptation to buy ships abroad, with domestic shipbuilding paralyzed, and with commerce languishing for want of vessels, the third act approved by President Washington prohibited the registry of foreign-built vessels; and this act, as amended and enlarged December 31, 1792, now forms the basis of the navigation laws of the United States. During the period between the practical end of the Revolutionary war and the assembling of the first Federal Congress—that is to say, from 1781 to 1790—the defense acts of the Continental Congress remained in effect, and these permitted registry of foreign-built ships only when condemned as prizes of war. The records for that period are imperfect, but they show the construction of at least 162 vessels in Philadelphia shipyards, aggregating 18,000 tons register, or an average of about 110 tons. Excepting the *Alliance*, a frigate presented to the King of France in 1784, which was of 732 tons, no ship larger than 300 tons was built at Philadelphia prior to 1790.

"From 1790 till the outbreak of the war of 1812, Philadelphia easily led the country in shipbuilding, particularly in regard to the size and quality of the ships built. During those times even the wharfen of New Bedford and Nantucket, with New England shipyards alongside their own wharves, often came to Philadelphia to get their ships built. The shipbuilding supremacy of Philadelphia at this time was due partly to the excellent quality and great quantity of timber in the region tributary to her, and partly to the skill and aptitude which her shipwrights had inherited from the colonial times.

"It was during this period also that Philadelphia inaugurated the era of steam navigation by building for John Fitch the first American steamboat, which, in 1790, began regular trips between this city and Trenton, taking a day for it each way. A chronicler of that time says that 'the boat is a pleasanter vehicle than the mail coach, because of its freedom from jolt and jar, but it is not so expeditious.' A second steamboat was launched in 1791 about at the present foot of Palmer street, but when nearly completed was driven from its moorings by a storm and wrecked on Pettys Island. This bankrupted Fitch and his backers, and steam navigation on the Delaware languished for several years. However, the name of Fitch's boat, the *Perserverance*, lived after her, and has become the motto of Philadelphia shipbuilders.

"In 1809 another steamboat line was established to run between Philadelphia and Trenton. This was successful, and steam navigation on the Delaware has since been uninterrupted. This incident is mentioned here in its chronological order as part of the shipbuilding history of the city, but, of course, it was many years before steam shipping began to cut any important figure in the sum total of output.

"The first decade of the present century emphasized the supremacy of Philadelphia in naval architecture. Baltimore, Boston, and New York, in the order named, struggled along during this period, but far in the rear; so much so that Philadelphia constantly built East Indiamen for Boston merchants, Atlantic packets for the New Yorkers, and coasters and coffee ships for the Baltimore trade, taking the cream of shipbuilding orders away from the shipyards of those ports by simple dint of superior skill and economy. One Philadelphia ship, the *Rebecca Sims*, of 500 tons, built at Kensington in 1801, made about 100 Atlantic passages between that date and 1823, and then, being sold to a New Bedford firm for whaling service, made 11 round-the-world sperm and right-whaling voyages until 1862, when she was bought by the United States and used as a coaling ship for the blockading squadron off Charleston in 1862. After some service in this capacity the good old ship was scuttled and sunk in Morris Island Channel to close it against blockade runners. The quality of the *Rebecca Sims* as a sample of Philadelphia shipbuilding may be inferred from the fact that in May, 1907, she left the capes of the Delaware, and in 14 days hauled up to her wharf at Liverpool, 'without once shivering her topsails,' as sailors say. That was 86 years ago, but the old *Rebecca Sims* still holds the sailing record between Cape Hellen and the Mersey, and probably will hold it forever.

"In a paper of more extensive scope than this one it would be a pleasant task to recall in some detail the glories of Philadelphia shipbuilding during this period, but the conditions of space forbid it here.

"After the war of 1812 ensued a long period of depression in all trades and industries, which the shipyards of Philadelphia shared, though the enterprise of her builders found some relief in the construction of a very considerable tonnage for foreign account.

"This embraced both merchant ships and men-of-war, and included one line-of-battle ship, which was sold in 1826 to the Emperor Nicholas, of Russia. At this time the depletion of forests in Great Britain began to tell on shipbuilding in that country, and in 1830 two Philadelphia ships, originally built for the China trade, of 1,800 and 1,540 tons, respectively, were purchased by the English East India Company. This raised a great fuss in England, and resulted in action by the board of trade which effectually closed the British market to American built ships, the British authorities resolutely insisting that their merchants must have their ships built in England, even though they had to import almost every foot of timber used in their construction.

"What may fairly be termed the modern epoch of Philadelphia shipbuilding began about 1830. Her supremacy in all the arts pertaining to naval architecture had by that time become so well established and so universally admitted, even by cities which had hitherto pretended to some sort of rivalry, that the question of the future was simply that of holding her own.

"When the great transition came from wood to iron and from canvas to steam, the old shipyards succumbed one by one until about 1870 William Cramp and his sons found that the task of perpetuating the shipbuilding supremacy of Philadelphia in the new era practically devolved upon them. How they performed this task, and how deep and broad they laid the foundations of the shipyard that bears their name, such ships as the *New York*, *Columbia*, and *Indiana*, and the new Atlantic liners, may testify. In the 63 years of its existence this shipyard has given to commerce and to the public service 260 ships and now has 13 more in various stages of construction; and in the 23 years that have elapsed since the incorporating of a marine engine plant with the shipyard 141 engines of every description and capacity, up to about 10,000 indicated horsepower, have been its output.

"The tendency to augment the size and power of steamships has now doubtless approached the maximum of commercial practicability, but it has already reached a stage at which the small shipyard, except for special construction, such as tugs, yachts, and river craft, is necessarily a thing of the past, and the 14 busy yards which were the pride of Philadelphia 60 years ago will never be seen again.

"It may be remarked that some persons entertain the belief that the predominance of Philadelphia in shipbuilding is of recent date and due largely to the radical changes in material and conditions of construction. The reverse is true. There has never been a day from 1710 to 1893 when Philadelphia was not in the lead in everything pertaining to naval architecture, and since the advent of the steam era, in marine engineering. In the old days Baltimore sometimes rose to the dignity of what sporting people call a 'pretty good second,' and New York has undergone occasional brief spasms of shipbuilding activity, but the career of Philadelphia has been steady, her progress consecutive, and the rank she enjoys to-day of the first shipbuilding city of the Western Hemisphere and second to none in the world so far as importance and quality of output are concerned, is simply that which she has honestly earned in nearly 2 centuries of steadfast diligence and patient skill."

Q. (By Mr. FARQUHAR.) You have built two of the fastest ships of the International Line, and you built the four freighters or partly passenger ships in 1872. What else have you built for any lines between the United States and Europe?—A. Those four are the only ships that carried the American flag across the Atlantic Ocean since 1870. Up to the time of the *St. Louis* and *St. Paul*, these, with the *Paris* and *New York*, make eight ships now carrying the American flag in the North Atlantic.

Q. Now the main part of your shipbuilding seems to have been for the Government in its naval equipment. What proportion has your yard turned out in the coastwise shipbuilding in this country?—A. At least one-third, maybe more. Of course I would have to look that up.

Q. How long is it since shipbuilding was started on the Pacific coast—that is, of any large dimensions?—A. That was during Mr. Cleveland's first term.

Q. 1886 to 1890?—A. Yes; the Union Iron Works, which were building mining machinery, then got some contracts from the Government and have been busy ever since.

Q. Are any of the Eastern yards now building for the Pacific trade?—A. Well, I think the Newport News Company, which was owned by Mr. Huntington before he died, commenced to build and is now building two very large ships for the Pacific Mail; very large; something like 15,000 tons.

Q. Other Pacific Mail boats were furnished from Eastern yards?—A. Yes. The Newport News Company is on this side, and lately some vessels have been built for Charles R. Flint's Company for the Hawaiian trade. Three vessels are being built at Chester, and a number of vessels are being built elsewhere for the trade on the Pacific, I think, between our Western coast and Hawaii.

Q. With the exception of the vessels that can reach register by being partially wrecked and repaired in this country, are there any foreign ships that enter into the coastwise trade of the United States?—A. I can't say now. A very correct table has been prepared by Mr. Samuel McDonald of this city, of all those vessels taken in. The best paper on that subject was written by him a short time ago.

Q. Well, is it safe to say, with the exception of those that become registered under the Wrecking disability act, that all ships in the coastwise trade in this country are built in American shipyards?—A. Yes; I have never heard of one being built elsewhere, except those that were wrecked.

Q. Do the yards on the Pacific coast build the most of the coastwise boats?—A. But a very limited number have been built there. The yards have been devoted mostly to war ships. I do not think half a dozen ships have been built there altogether.

Q. Could you give the commission the reason, in general terms, why it is that American money does not find or seek investment in trans-Atlantic lines, and also Pacific lines to the Orient?—A. There are two reasons for that. One is that it has not paid, and the principal reason is that few persons have been educated up to it. No matter whether business pays or not, people can't make money in the business unless they are trained in it. You can subsidize, you may do everything—no matter how profitable a business is, people who are unfamiliar with the business can't make money at it. During the war of the rebellion, when our shipping was destroyed by Confederate cruisers, the knowledge of making ships came to an end practically. What ships were not destroyed by the Confederates were bought by the United States Government for cruisers and transports, and the people who were well trained in running, owning, and handling ships were out of employment, and but very few people lived over to supply the places. Mr. Griscom's company was one of those that survived; and the Clyde Company, and the Red "D" Company, and a few others survived the ordeal, by pretense, pluck, and enterprise, under adverse conditions. A noisy portion of the country at present is engaged in spitefully denouncing those people because they survived.

Q. Does the public declaration that the American ship costs too much, compared with foreign-built ships, also deter the investment of American money?—A. It is not only the first cost of a ship that is the principal and great trouble, because the first cost of a ship might be overcome somewhat, but when to that cost is added the daily increased cost of running them, paying higher wages and salaries to our men than foreigners pay for running their ships, you will see what obstacles we have to contend with.

There is money made now in running ships, and there are a lot of Americans who are buying the worst kind of ships—British "bum" ships (I use that word because the word "tramp" is not strong enough), the worst ships the English have got to sell. They are bought by Americans, and those people are now denouncing the subsidy bill because these "bum" ships of theirs don't get much of it.

Q. That is the case of American money being invested under the British flag, not having a majority of the stock?—A. Well, many are buying ships already built—the "tail enders." The ships that are being built to-day abroad are vastly larger than those built a few years ago. There has been a tremendous augmentation in the dimensions of ships. The consequence is that British shipowners who own thirty, forty, fifty, or a hundred are selling off the "tail enders" and adding large ships to the top. Now, these ships on the "tail end" are sold as bargains. There are a great many American bargain hunters, and a great many are doing that thing now.

Q. (By Mr. LITCHMAN.) Those ships are not admitted to United States registry, are they?—A. No; but they expect, if they kill the subsidy bill, they will get them in somehow. They think by the destruction of everything in sight American they will come out on top ultimately.

Q. (By Mr. FARQUHAR.) So you think that the difference in cost between the American ship and foreign ship at the beginning does not enter so much into it as the employment of the ship or the running of the ship in cost?—A. The great trouble is the greater cost of running American ships over foreign ones.

Q. Do the cost of tonnage on the Clyde and the cost of tonnage on the Delaware, on the same class of passenger or freight ships, bear the same relation in 1900 as they did in 1890, or what is the difference?—A. The relationship has always been of a very peculiar character, because similar ships are not built in the two countries.

Q. Suppose I put the question on the carrying capacity?—A. Well, the carrying capacity and all goes together, and I don't see how you can separate it and make a comparison of the cost. I have explained that as well as I could in a magazine paper called "The first cost of ships." These views may be found on pages 17 to 25, inclusive, of a pamphlet entitled "Commercial supremacy and other papers," of which I offer half a dozen copies for use of the commission. The paper was written in 1892, but holds as good now as then.

(Reading:) "The simple question, Can you build a ship as cheaply in the United States as in England? is as impossible of direct positive or negative reply as would be the question, Can a man be educated as cheaply in one country as in the other?"

"The absurdity of the latter question would be manifest, because anyone could see that it depended partly on the man and partly on the education. In different ways, but in a similar generic sense, the principle would apply to the first question, and the answer would be that it depended partly on the ship and partly on the builder.

"With regard to the simpler and plainer types of vessels, such as are used for freighting mainly, it is not worth while to discuss them here. The question solves itself to anyone of average intelligence who will go aboard and compare the workmanship, style, finish, and general range of sea-boat qualities as between any freight vessel like those of the Metropolitan Line or the Morgan Line or the Clyde Line, for example, and the usual English tramp of approximately equal burthen.

"Put the plans and specifications of the average English tramp in the hands of an American shipbuilder and he could not duplicate her."

He could not duplicate her because she is built by Englishmen, accustomed to English methods, and accustomed to the methods of that particular yard.

(Continuing reading:) "He would build a better vessel, of superior workmanship and neater finish in every respect; for the reason, to put it broadly, that the mechanics who make up an American shipyard organization are trained to a grade of performance which they could not reduce to the standard of tramp construction.

"Under these circumstances this branch of the subject may be dismissed summarily, with the statement that an English freight ship of the usual type could not be duplicated in this country at any cost. Whether our superior standard in vessels of this class is an advantage or disadvantage in competition I will not attempt to decide.

"Coming to the highest class of vessels—that is to say, the most recent trans-Atlantic liners, which are rated first in speed and accommodations—the attention of the world is now directed to certain conspicuous ships. These are the *Columbia*, the *City of Paris*, and *City of New York*, and the *Teutonic*, and *Majestic*.

"In model these vessels show no improvement over the best American or British model of 30 years ago. Dividing them and the types which they represent into three groups, we find them distinguished by marked differences of form and construction, and also of machinery detail, but there is little difference in outfit or engine performance.

"The recent award by the Cunard Company of the contract for a new ship to the Fairfield works, of which Dr. Elgar, late superintendent of dockyards, is naval architect, will probably develop a fourth type.

"It is not my purpose to go into an exhaustive analysis of the peculiarities of these several types, and I have introduced the fact of their existence partly because I have seen no previous reference to it and partly to preface some remarks more directly pertinent to the main points of my theme. Thus, when one uses the term 'British ships' for purposes of comparison with 'American ships,' it is calculated to mislead, because the inference would be that all 'British ships' were alike; or at least that the similarity of type, model, mode of construction, cost, etc., class for class, was sufficiently close to make the national designation alone an adequate basis for comparison.

"Nothing could be further from the truth. Every great shipyard of long existence and extensive output acquires methods, systems, and practices peculiarly its own, and these in turn express themselves in the characteristics of vessels which it designs and builds.

"The result is that, while there may not be much difference in the average performance between vessels of the same class by different builders, so far as speed, endurance, cost of operating, and annual expense of repair are concerned, there will be material difference in the means and methods by which these results are reached, and hence a corresponding disparity in estimates of first cost. A Harland & Wolf ship will not be a Thomson ship, nor a Laird ship, nor an Elder ship; and the same rule will apply to further comparisons between the others.

"An error quite prevalent is the supposition that whenever a trans-Atlantic steamship company decides to add a new first-rate vessel to its fleet, complete plans, specifications, etc., are prepared and submitted to a number of competent shipyards for competitive bidding, after the fashion of the United States in its navy contract work. As a matter of fact, this sort of thing never occurs. As a rule, each company has its particular or favorite builder, and often they are associated financially.

"The builders' type of ship becomes the company's standard for service. The excellences of the type have been ascertained by experience, and opportunity has occurred to detect and remedy any defect. Hence the steamship company and the builders work together, and their cooperation results in the growth of a fleet having a reputation of its own and with it, to a very great extent at least, a settled class of public patronage.

"In short, the business, in a certain way, is governed by the general commercial rule that public patronage is largely a matter of habit, and that in making use of ships, as of other wares, people continue to patronize that which has suited them once.

"There are many shipyards in Great Britain, more than in the rest of the world combined; but, so far as my observation enables me to judge, there are not more than three or, at the outside, four yards which would be considered by any of the great steamship companies in connection with a first-rate modern vessel, such as is now required for trans-Atlantic mail and passenger service.

"As before intimated in referring to the diversity of types, vessels of this class involve specialities of model, motive power, structural character, and quality of equipment, which, it may be said, make them *sui generis*, and in many particulars it is impossible to form an advance estimate of cost without a very liberal margin for contingencies. These facts are well understood in England, and their logic is invariably observed in negotiations for building such ships. It often happens that, after the general scheme and approximate price have been agreed upon, achievements elsewhere make expedient certain departures from the original.

"In this connection it is worth while to bear in mind that during the construction of the *Majestic* and *Teutonic* at the Belfast yards, for the White Star Company, work was suspended for several months pending consideration of material changes, some of which were adopted and others rejected.

"But these conclusions were not hastily reached, and were based upon actual observation of the behavior of rival ships built elsewhere. Under an ironclad contract, with arbitrary fixing of specifications and price, this could not have been done without friction. It may be that there are good reasons why the United States Government should to a great extent tie both its hands and those of the contractors by inflexible written stipulations under bond and penalty; but no such conditions are imposed in transactions between steamship companies and shipbuilders of established rank, for the simple reason that both would be subject to probable or possible embarrassment thereby, and experience demonstrates that it is better to leave the mass of detail to the operation of the common rules of business as encountered in the progress of the work."

By the bye, I might say at the end of this that Thomsons and Harland & Wolf, at Belfast, do not build ships by contract. They are first-class builders; they do not build them by contract. They build them at cost and profit, as we are building two ships for the American Line, and I do not think we will build them in any other way.

Q. (By Mr. CLARKE.) You mean for the Government?—A. Oh, no; that is a different thing. You see, I take the best shipbuilders, and I take them to compare with us, for we can not compare ourselves with the "bum" shipbuilders.

Take a ship, now, for the American Line; we do as Harland & Wolf do. We will go right on and charge them for materials and charge them for labor, and then is added a certain amount for operating expenses and a certain amount of profit. The terms and percentage are fixed. Harland & Wolf will take a vessel for 5 years, and then when they do build it they sell the right to the ship. If there is a ship now ready to launch within 5 months, one of Harland & Wolf's ships, they will sell the right to use that ship for \$50,000 or \$60,000; and if the party does not use it then he loses the money. You see, there is a great demand for ships in Great Britain in the first-class yards, and they are the only people that we will compare ourselves with—and other American shipyards.

Q. (By Mr. FARQUHAR.) Unless the American shipyards agreed to the same conditions and contracts you would find yourselves rather at a disadvantage?—A. I do not care what the other American shipyards do; we are not governed by the other American shipyards.

Q. Are you aware that Harland & Wolf have big purchases from the British

Admiralty?—A. They are great shipbuilders and they have a great name; everybody wants their ships. People who go to them do not want to go to the lowest bidder, and I do not care about getting the lowest bidder if we are building a ship. People of that kind we do not want to deal with, as a rule. It has always been my experience in this business that the merchant who owns ships had the preference. That has always been the case; it is so in England. You hear a great deal about the tramps coming here; but there are a great many of the first-class shipbuilders, such as Thomsons and Harland & Wolf, who do not build these tramps.

Q. Do you say that American shipbuilders will not build tramp boats?—A. I do not exactly say they would not; I say they could not get down to it as cheaply as the other people build them.

Q. How are you going to get American lines to compete if you are building on the same cost, subsidies or not?—A. You can not do that if you subsidize, because it is found by experience that those who know how to run ships—I refer to them alone—can run up a greater price here if they get compensation to pay the difference in cost of running. The difference in cost of running is an immense amount, because there is an army of firemen aboard a first-class Atlantic ship. A ship that burns 5,000 tons of coal in one voyage takes an army of men to handle it, and they all get nearly double in this country what they get in Great Britain. Handling 5,000 tons of coal in one voyage is an immense mass of matter, and that has to be handled every voyage by lower-priced men. Then comes an army of stewards that is aboard of these first-class ships. They get paid less wages over there, not taking into consideration the crew or the engineers.

(Continuing to read:) "From these observations it ought to be tolerably clear that the question, for example, Can you duplicate the *City of New York*, or the *Majestic*, or the *Columbia*—using the word "duplicate" in the purely structural sense—for the cost of those vessels in Great Britain? would be putting the matter in an impracticable form. The *City of New York* is a product of the peculiar methods, practices, and systems of the Thomsons, of Clyde bank; the *Majestic* similarly represents the Belfast yard of Harland & Wolf, and the *Columbia* the Lairds, of Birkenhead.

"In each case the vessel is of a special type, and embodies idiosyncracies which no other establishment could imitate—at all events, not at equal cost.

"The proper form in which to put the question is, Can you build a ship to do the work of the *City of New York* or the *Majestic* or the *Columbia*, in all respects, for the same cost? To that question I would reply: Yes; or within as small an margin as would likely to prevail in a similar case between any two British shipyards."

That paragraph has been perverted and misquoted a thousand times, and Mr. Clay in his answer to Mr. Frye the other day used it. You see, we would not be likely to have any persons in Great Britain, the owners of the *Teutonic* and *Majestic*, coming to us and allowing us to earn the *Majestic* price-to-day—or the *Columbia*. Then the prices that prevailed in 1893 are not the prices of to-day, and the prices of to-day for the raw materials are not the prices of a year ago. Now, at the beginning of the Spanish war we bought steel for 1½ cents a pound. By the time the Spanish war was pretty well on it ran up to 3½ cents a pound—just 3 times as much—and there has been falling off since, but it is not so low. But you see when I stated that I can build a vessel at a certain cost in one year, it does not follow that we can build for that in every year, no matter how the prices go up or go down. And that has been quoted without reference to the time that it was made or the conditions of the raw-material trade. A great many people lost a good deal of money in taking contracts about the time of the Spanish war, imagining that the prices of materials would be 1½ cents a pound, and they ran up 3 times higher, and some of the mills lost a great deal of money. Some of the mills agreed to furnish us at 3½ and it ran up to 3½, and before they got through with the contract they were very sorry, and it made us take a good while. Then, again, we had to contract on a falling market. So during times of war rules that are based on events that transpire then are not good because everything fluctuates. Everything is excited; the people are excited; prices are excited; there is nothing in a normal state.

(Continuing to read:) "Our ships might differ from the *City of New York* in the ratio of principal dimensions, in the type of machinery, in style of finish, in fittings, equipment, and accommodations, and in many other things, as sanctioned by our experience or approved in our particular practice; but she should exhibit at least equal performance in speed, seaworthiness, comfort, durability, and, all other things being equal, in economy of operation."

By the bye, I might state here that three years ago a Japanese company went to England to get a lot of ships built. They got 16 different bids from different

British shipbuilders, and the difference between the highest and lowest bids was 30 per cent. Now, somebody might ask here, Can you build a ship as cheaply in the United States as you can in Great Britain? because there the highest yard was 30 per cent higher than the lowest yard. A great many people have asked us to compete with the very lowest grade of ships over there—the lowest of these 16. I am relating that to show that it is very hard to make comparisons.

(Continuing to read:) "But the point I wish to accentuate is that the ship would be of our type and our model, and would embody our methods, our systems, and our practices; she would not be a duplicate or an imitation of any other ship, whether British or otherwise. A proper apprehension of this point and an adequate realization of the importance of its bearing upon any question as to the comparative first cost of high-class vessels in this country and in England are absolutely essential to practical or valuable knowledge on the subject.

"In this connection I will refer briefly to a phase of the subject which I have exploited at other times in the numerous inquiries that have been made by committees of Congress.

"That is the fact that 'first cost' of ships is not only not a prime factor, but it is not even a serious factor, in any competition that may occur between this country and Great Britain for a share of the traffic of the ocean.

"My views in that direction are, perhaps, well enough known to make repetition of them here unnecessary, and I do not know that I could say anything that would affect any differences of opinion that may exist.

"I simply state the fact as such, in order to preface the further and more important statement that growth of demand for new ships, with its resultant development of contributory industries in steel and iron and other materials of construction, its enlargement and improvement of plant and personnel employed, its natural incentive to greater energy and enlarged enterprise, and, above all, its assurance of security and perpetuity in the business, would speedily wipe out any small margin that may now exist against us in the matter of first cost, generally speaking.

"Whatever else may be needed to restore the United States to its footing as a maritime power I leave to the patriotism and wisdom of our legislators to determine.

"Referring, in conclusion, to the inquiry as to the relative cost of construction for navy account in the two countries, it must be borne in mind that disparities in bases of comparison exist in that direction even greater than in merchant shipbuilding.

"In Great Britain public patronage in great amount has been constantly and consistently extended to private enterprise, from time immemorial. Here, excepting the abnormal period of the civil war, government patronage of private shipyards is a thing of recent growth; not more than 7 or 8 years old."

When I was on a committee—I think it was the Bland committee; I am not sure of the name now—in 1872, I visited Washington for the purpose of getting some assistance to the American shipping. There was prepared by that committee a very valuable report. They gave a list of vessels belonging to the British navy that had been constructed for the British navy for 20 years. You will find in that report up to that time that every engine that had ever been built for a British man-of-war had been built in a private shipyard. That is one of many reasons why Great Britain became superior to us about the time of the civil war. The constant practice of building vessels in private shipyards and giving handsome and magnificent prices built those great engine shops with great machinery to do the work, and consequently, when they were building vessels for the merchant traffic, they were already supplied with great machines, trained foremen, and trained workmen. Besides that, they built a larger number—in fact, all the iron and steel ships that were built for the British Government at that time and continuously up to the present time have been built in private yards and with liberal prices. Liberal prices were given to them. For instance, the *Lairds*—they who built the *Alabama* that was whipped by the *Kearsarge*—took five different contracts to build ironclads, and the contract price was large enough to enable them to build a separate dry dock. Each one of those vessels was built in a separate dry dock that was constructed before the ship was built. That was for the purpose of enabling Great Britain in time of war to put those additional dry docks into use for the Government in repairing vessels. In time of war that was just that many added to the Government dry docks. The prices were large enough for every one of those five ships to enable them to go and build the dry dock and also fill the shipyards with great numbers of powerful tools and trained and drilled men. So, when we came to compete with them after the war, we had not a shipyard with \$100,000 worth of tools, and they had an enormous number of great, powerful shipyards supplied with powerful machinery and trained men,

all at the expense of the British Government, knowing that when they patronized and improved their shipyards they were affording powerful aid to them to build their great fleets to govern the world.

Q. (By Mr. FARQUHAR.) Did the Lairds take the contracts for steamships without competition?—A. They did not compete at all. The British Government knows well who are the best shipbuilders. There are only a few shipbuilders who can build—you can count on your fingers the number of shipbuilders who can. My hand is sufficient to enumerate all of them in the world. There are more in Great Britain than in any other place. They know who can build these ships, and they notify them that they will give them a battle ship for so much money; if they want it they can have it; if they do not want it, they need not take it. And that is the way their ships are got out; no ridiculous competition, letting the pretzel baker and the bicycle maker come in and bid for battle ships. That can not be done in Great Britain. I could write a very long paper on that one paragraph.

Q. (By Mr. KENNEDY.) I should like to ask if any bicycle makers have been given contracts recently by the Government?—A. When I used that word I meant it figuratively. One may think it is too strong, but it is not. I do not think it is too strong.

Q. I notice that some shipbuilders that I had never heard of before were given contracts recently.—A. I would not like to dilate or expand on that question just now, because being trained all my life to that sort of business I have a contempt for people who have not had that kind of training. Perhaps I may be excused for using that kind of language.

Q. (By Mr. FARQUHAR.) Will not that be rectified through failures?—A. Oh, it takes a long time to show a failure. They fail and they get their time extended for two years, and they keep on going.

Q. Can you rehabilitate the American merchant marine so that American goods or all marine cargoes can be carried in American bottoms, and the profit of carrying shall be in American hands?—A. That is a very long story, and I have agreed to almost any proposition that has ever been made, but I never could have mine. Being a single individual, I never could have my own way. In 1872, when we first went down, there were something like 11 persons who went before the Committee on Commerce in the Senate. Each individual got up and expressed his own views as to how it ought to be done. Some were ridiculously absurd and some were very fair. So the Committee on Commerce in the Senate then said, Gentlemen, you had better go back and agree on some plan and come here and present it, and we will take it up. That thing has been going on for years. I have been on all sorts of committees who visited Washington for the purpose of assisting in arriving at the result that you have already spoken of in your question, and we have gone varying in our ideas, and we have been told in every case to go back and agree on some plan and then come again. So I have no views any more—I mean of carrying the plan out. I have written a great many arguments, and I am prepared to do so again, in favor of doing something for the benefit of the merchant marine, giving ship owners some compensation of some kind; but as to how, I have no fads. I am ready to accept anything that will be effective.

I have always, up to a certain time, been opposed to the introduction of foreign vessels, opposed to free-ship legislation, but when it was found that one of the best bills that was ever prepared, I think—that was your bill [to Mr. Farquhar], and one of the best speeches that ever was made on the subject—when that was killed I found that it was difficult for one to have his own way. So when I found that if you could take the sting away from some of those free-ship men and admit a few foreign ships if the owners would build a certain number of ships in this country I agreed to that. I understand that plan was first suggested by Mr. Whitney to Mr. Griscom at a dinner party in New York. Mr. Whitney was always a liberal Democrat, a friend of protection and a friend of the merchant marine, and he was very anxious to do anything he could, and he thought that would be a pretty good compromise. I think he was the first one I ever heard advocate that policy. So I am in favor of this bill. I was very much in favor of your [Mr. Farquhar's] bill, and I was very much disappointed when it was killed, and felt very much aggrieved against the persons who killed it.

Q. Did you, as one of the advisory committee of the measure now before Congress, agree to the admission of a foreign ship to registry provided one was built in American shipyards of equal tons and class?—A. Yes.

Q. What was your reason—that you want to increase the tonnage, or do you think the American shipyards are not large enough to build the new tonnage under any subsidy bill?—A. Well, at present the shipyards in either country are

not large enough to furnish the ships to supply the demand. They can not do it in England and they can not do it here at this time, there being but few shipyards which can take hold of these ships—very few—and it is necessary to get vessels; and the people who are in the business have been in the business a very long time, and I thought, and I still think, if they would build a certain number of vessels for a certain number of first-class vessels they already own, that would be a concession to the free-ship men and we would get free ships and get a great many American ships in that way.

It is all very nice to say we ought to have American ships; and it is very nice to say in the matter of immigration that nobody but clergymen and the best possible sort of men should come in; but a great many very disreputable men come over and we have to let them come in order to get the good ones. It is the same with ships. We do want more ships in this country, and if we can build more ships of our own here by letting a few others come in I am willing to make that sacrifice. I am willing to make a compromise.

Q. Do you think the American marine can be rehabilitated without a subsidy?—A. I do not think it can be.

Q. Have you measured in your own mind what that subsidy ought to be?—A. I think they have got it very nearly correct now.

Q. Do you think a subsidy would be for the benefit of all America?—A. Agriculturists, manufacturers, and every one. Now, as far as this bill is concerned, there is a misapprehension of that from certain people who judge that only the great lines like Mr. Griscom's line are benefited. Now that is not so. The people who get the most of that would be the freight ships, whether fast or slow.

Q. What is the lowest speed that is provided for in this proposed bill?—A. I do not know now. I have read so many amendments I do not know what the lowest speed is, but I do not think it ought to go down to 10 knots. There are many men opposed to subsidizing freight ships at all. There are many opposed to subsidizing passenger ships. They do not feel like compromising and they are uniting in opposition. Now the opposition to the present subsidy bill is centered in the great steamship companies in Great Britain and Germany, who now control the North Atlantic. That is the great opposition to it. We have a large number of people who charter trumps, and charter British ships, and the smaller shipowners—quite an army of them—all having their agents in this country. These people now have taken up a different plan than they did heretofore. Heretofore it was "free ships" and "opposition to American ships;" now it has assumed almost every form. Some of these injured innocents are affecting a patriotic opposition. They do not want any foreign ships to come in at all under any conditions. This is a simulated position. They are opposed to American ships, but they are affecting to be opposed to the new bill because it will permit the introduction of some foreign ships. They hope to get a lot of people who always stick to the "American ship" idea. Then there are a lot of people who are honestly opposed to American ships and fight it. So they have assumed a great many phases so as to take up every kind of opposition to the bill and collect it.

Since 1872, when I first acted with a committee to visit Congress to secure legislation to enable us to divert a portion of the carrying trade of our country to American ships, I have never seen so much bitterness, unjust criticism, and misstatement of facts as that of the opposition to the present subsidy bill.

The grand rallying point of the opposition is the great trans-Atlantic steamship lines. In this opposition are found the large number of small foreign steamship companies, with their equal steamship charters, tramp owners, etc., all joining in the howl against the iniquities of the present bill.

Hitherto the fight has been an open one on the part of the foreigner and his American employee in favor of free ships, and against every kind of legislation that would assist American ships, and this was urged with all the powers that their well-known lobby was capable of.

It is the same fight now, but their tactics are veiled under every conceivable form and device.

One lot of "injured innocents" simulate an inordinate patriotic opposition to the introduction of any foreign ships whatever, no matter what the inducement may be—all American or none.

This is to catch and concentrate those parties who have never considered it good policy to admit any foreign ships.

Another lot are in opposition without disguise against American ships.

Another lot show a spiteful opposition because the only American line that has managed to struggle along against fearful odds will get too much—some say the greatest amount—of the \$9,000,000, when they can only get 8 per cent.

A powerful and noisy opposition comes from a source that has looted the United States Treasury to a greater extent than all the other interests in the country

combined have ever done. I mean the opposition of many of the Western railroads, whose raids on the public lands of the United States have been of the most colossal character.

The wealth arising from the effects of this great contribution of lands and the corresponding rise in values has been enormous, and its distribution by accidental circumstance has lodged it, in abnormally unequal quantities, in the most unexpected places and not for the general good.

It is difficult for me to see what this element has to complain of or what reason to give as the cause for leading the van of the howlers.

Then there is the large crowd of people who are always opposed to everything and everybody.

So while these different parties vary in the form of opposition, they are all under the one grand central head—the foreign steamship owners.

Q. You think the admission of foreign-built ships up to half the American tonnage would probably be politic on the part of our country at present?—A. I think it would be, just now, because there is a great deal of carrying to be done. The unjust South African war has demoralized the carrying trade of the world to an immense extent. It has almost ruined the trans-Atlantic business of Great Britain and placed it in the hands of Germany. The Emperor is always alert, and takes advantage of any weakness. He is bound to be paramount in the North Atlantic. He has got there and is bound to stay there, and it is principally due to this very unjust war in South Africa.

The British Government took for transports and colliers nearly every ship they had in the trans-Atlantic trade, with the exception of a few of the White Star Line and the Cunard Line and some others. The rest they took. That has made an enormous demand for vessels. It has not only made an enormous demand for vessels, but the dimensions of the vessels now building is something of tremendous import—vessels 700 feet long and 75 feet wide. Why, five years ago we would not have thought of such a thing. The Germans have now got complete possession of the North Atlantic, and the English will never recover it again, no matter how they build.

Q. (By Mr. LITCHMAN.) What is the prospect of Americans getting in?—A. There is a chance for us, but we must be systematic. Everything is in starting right. The men are scarce and the cost of running is higher.

Q. Is there not a parallel condition to that of England in the United States Government's demand for transports on vessels that have been withdrawn from the coastwise trade?—A. That is another reason why there is a great demand for vessels. Our Government bought a great many foreign vessels—took the whole of one fleet, all of whose vessels begin with the letter "M"—the *Minneapolis* and others. It took the whole fleet. They are getting a new fleet built now in England and some in this country.

Q. Can you explain a little further how you think America can enter that field which you say has been absorbed by Germany?—A. In one of my papers I referred to the fact that both England and Germany will in a very few years have to come to the United States for raw material. We will never get possession, but we will have a big share. We will certainly supply Europe the materials for building its ships. England will never stop shipbuilding. When I say the Germans have captured it I do not mean they have the whole of it; they are paramount. England will always remain an important factor. She will not be eliminated, but both countries will have to come to the United States for their raw material.

Q. You think, as a result of that, the time will arrive when America can, if she will, capture the paramount position now occupied by Germany?—A. Whether it is necessary to be paramount or not it is necessary to be a big factor. That is necessary. I do not think it best for anybody to be paramount—to be boss of the situation always, but to be an important and ruling factor.

In an article that I published in the *Washington Post* some time ago, because Congress was in session, I referred to the fact that we would have to supply Germany with materials. I referred to the fact that the coal—the countries of Europe will have to come here for coal or a great bulk of the coal. Goldwin Smith, a great public man, of great public spirit, and a statesman of Canada, said in my presence at Henry C. Carey's, 10 or 15 years ago, that England had arrived at the supremacy of her power—her commercial supremacy; that England had acquired that great power because of the fact that most of the coal belonged to her and most of the iron; that her products of coal and iron made her the great country she was, commercially speaking. Now coal mining is becoming more and more difficult, going into the earth deeper and deeper every year—the price raising there and going down here—was bringing us more on an equality, and he said then we had about arrived at it. But he overlooked this thing—and the time was postponed because new methods of mining were adopted. But I said last year in this

article that we had arrived at that state that had been oft foretold by Goldwin Smith; we turned out more iron and coal than Great Britain did. Her iron fields are becoming exhausted. The great Cleveland ore district—I mean the British one—is becoming poor. It is the most noted field of ore in the world. It was her ore, and it was the Bessemer process that was another aid to make England supreme.

Q. (By Mr. CLARKE.) If you are through on the point you were making, I would like to ask you if competition in ocean transportation will not be greatly increased when these wars are over and the transports now in use by the Government are returned to commerce?—A. They won't be fit for anything when returned. That is one of the obstacles connected with the matter. They will be obsolete. The vessels now being built are entirely new and of new design, new pattern, and new dimensions. The old vessels are absolutely gone; they will not be profitable.

The English Government is going to keep them, and we are going to keep them. When the Governments are through with them they are worthless. It is very destructive to use a merchant vessel as a transport. So, in looking over my business I have got all that in view. I had some experience during the late war, during the civil war, and even during the Mexican war, and I note the results of this late war, where a small disturbance was made to commerce; but the greatest disturbance of all was the South African war. Nothing in the history of the world has compared with that as to the disturbing elements that entered into it.

Q. (By Mr. KENNEDY.) Not even the destruction of our commerce by Great Britain in 1861-1863?—A. That was a great thing, but it is dissimilar. Of course the destruction of our commercial marine during the war was complete and final.

Q. (By Mr. FARQUHAR.) In answering the question about the means and methods proposed of rehabilitating the merchant marine, do you give this testimony as your practical views of the best way, or lay them entirely on the so-called Hanna bill?—A. You see, there are so many different views and so many different interests involved in this thing. Mine is one interest, and certain shipowners and certain importers—there are so many different interests that it would be very hard for me to say what would be the right one. As to my own views, whatever I would do I would do to accommodate the majority of the people of the United States.

We have an awful enemy to fight when we fight the foreign steamship companies. You see, they advertise in all the newspapers of the United States their sailing days, and they have a great deal of power and they use it.

Q. Do you know that they are actively opposing the passage of that bill?—A. Well, I can see the footprints in every direction I look, but I can not go out and prove it. I mean I can not exactly define the method; but talk to one of them if you want to find red-hot opposition.

Q. (By Mr. CLARKE.) Have you studied the comparative merits of subsidies and discriminating duties as a means of building up the American merchant marine?—A. I have been in favor of discriminating duties. I was very much in favor of that. That did not meet with the approbation of our Government. That was wiped out in very short order. Discriminating duties would be a very good method.

Q. Can you see any objection to that method from your point of view?—A. Not the slightest.

Q. It would involve the necessity of abandoning some of our treaties, would it not?—A. Yes; but I do not see any difficulty in that, because we have not made a treaty that was to our advantage. The treaties we make with foreign governments are to the advantage of foreign governments, not our own. That is the rule in this country.

Q. Is it not possible you would not be able to show that, at least to the State Department of the Government?—A. Well, my experience is that in all the treaties ever made by this Government with Great Britain we lost everything and gained nothing—gained a good deal on paper, because the people charged with making treaties in Great Britain are trained men. The best men that can be selected in their possessions are selected to make treaties, and when they go into the fight they ask for everything, claim everything, content to take anything, and we generally surrender. It was so when Daniel Webster was in that treaty involving the loss of one-half the State of Maine; he was whipped badly. James Buchanan, in the great Oregon contest, was whipped badly. We lost half the State of Oregon with James Buchanan as agent, and half the State of Maine with Daniel Webster, and so on.

I have had friends of mine keep me up the whole night talking about the things and enumerating instances, and they could not give a single case where we gained anything.

Some claim we gained in the Geneva award; but I have always maintained with Henry C. Carey, Judge Kelly, and Mr. Churchman that we sold our birth-right for a mess of pottage.

Q. If we had discriminating duties instead of subsidies, would that tend to build up first-class large and fast vessels, or would it not equally encourage lower types?—A. No; I think it would be a great benefit. Almost any assistance, no matter what direction it comes from, would be a benefit. I am not as discriminating now as I used to be as to the method. I look on any method by which we can save ourselves from the effect of the greater expense of running our ships than foreigners can do it—anything that will help us over that bridge is a benefit.

But we can not corral a lot of men and force them to get aboard the steamships and fire the engines and boilers at the same wages that they get abroad; can't compel them by law to do that, and it is not desirable either. That is a thing we have got to look at; we have got to face that contingency.

Q. In building ships for the ocean trade would you say that in the matter of the cost of raw materials the American shipbuilder has an equal chance with any foreign builder?—A. That would be hard to say, for the prices are fluctuating.

Q. Well, take it at the present time?—A. The prices now in Great Britain are down. Within three or four months they have gone below our prices in Great Britain for shipbuilding materials. I do not know how long that will exist, because things have not become settled yet, but I am inclined to think that for a year or two yet, or maybe a couple of years, they will be below us, but not enough below to buy. Notwithstanding we have the right to build vessels on foreign account, we have had the right for a good many years to purchase material, but we have never availed ourselves of it, because it always cost more. We never availed ourselves of the privilege we had here of importing our goods without duty, or importing materials that went into the construction of ships in foreign trade free of duty.

Q. Is not that the American law now?—A. That is the law.

Q. Now to come back to that question: Are the American shipbuilders' chances just as good as foreign in the case of raw materials that enter into the construction of a ship of any class?—A. Well, now, I do not think they are, because some of the matters that go into the construction of a ship, outside of raw materials, are cheaper over there than here; but in a few years that may be all corrected. I know what happens to-day and happened heretofore, but I can't exactly say for the future.

Q. Let us come to this other feature. How do the wages of mechanics engaged in shipbuilding in America compare with the wages, say, on the Clyde?—A. A few years ago I had a very careful and correct statement made, by examining the books of two Clyde concerns.

Q. (By Mr. Farquhar.) What date was that?—A. In 1894. At that time I also brought all wages to a weekly basis, taking the average yearly rate of 56 hours to the week in the British yard, with the result shown by the following table:

Wages in shipyards.

Trade.	British rate.	American rate.
Pattern makers	\$9.00	\$18.00
Machinists	8.50	15.00
Riveters	7.50	12.00
Beam and angle smiths	8.40	15.00
Holders-on	4.20	9.00
Fitters-up	7.80	15.00
Ship carpenters	9.60	16.50
Joiners	9.00	18.00
Painters	9.60	18.00
Shipped machine men	7.20	15.00
Furnace men	6.00	10.80
Riggers	7.20	11.00
Plumbers	9.60	19.50
Drillers	6.40	11.00
Sheet-iron workers	8.50	15.00
Coppersmiths	8.60	18.00
Molders, iron	9.00	14.50
Molders, brass	9.00	15.00
Labors	4.20	8.00-9.00

Q. Have you struck an average on your whole table?—A. No, I have got an average of our yard by the week. The statement of wages of riveters is misleading, because most rivets in Great Britain are driven by piecework, and it is more particularly so now than ever. The riveters are getting higher prices there than ever, as they are here, because in Great Britain they are very short. They want about 75 per cent more riveters now than they have, to do the work in hand.

According to the statement, the wages of holders-on is less than half in Great Britain. Well, that varies a little, varied then and varies now. You can't get that directly, because they are working with the riveters, and they get piecework. They get paid by the riveters—some of them do.

The joiners now get \$18. Wages have been coming up in this last 18 months. Of course the table refers to 1894, as I said before, and some of the riggers get higher wages here now.

These figures were taken directly from books in representative shipyards in the United States and Great Britain, representing the wages for 1893. The comparison tells its own story. Now, of course, many of these rates have been raised in our yard, and they have been raised in Great Britain—raised to a greater extent with us than they are there. We raised our wages twice within six months last year.

Q. Are the Clyde scale of wages and the American scale of wages each year approaching each other more nearly than they did 20 years ago?—A. Yes; they are getting a little higher there.

Q. Than 12 years ago?—A. Yes; that is, the skilled men.

Q. In your shipyard have you appliances equal in economy and saving and rapidity to what they have in any of the shipyards abroad?—A. Yes; we have better appliances here.

Q. Well, do you take that into account in figuring up the cost of building when you make a comparison?—A. Since the engineers' strike, which almost ruined Great Britain, they are filling their places with American devices and inventions. We have three fine traveling cranes in our place, and they are getting the same in Great Britain; we have pneumatic chipping, calking, and riveting tools; they are getting them there. They must do it. And then, another thing, ships are getting to be so large that the riveting is too great to be done by hand; it has to be done by machinery. They can't drive a 1½ properly even with mauls. But the facilities for doing that work are better—that is, with the modern improvements—in this country. If it was not for that I do not know where we would be.

Q. Taking the difference in the scale of wages paid in Great Britain and America, and about the same rates on raw materials in America and in England, how far do you think the cost of an American first-class steamship and a foreign-built steamship would differ—how much per cent?—A. Well, that brings up the old question; but I might say, in a rough way, about 15 per cent.

Q. How long would that steamship hold her class in Lloyds?—A. I do not know how long American ships hold their class in Lloyds.

Q. Would you say 25 years?—A. It would depend a great deal on who built her and how she was built.

Q. Then the question would be: If you take the 15 per cent and spread it over the life of that ship under first-class classification in Lloyds, do you think that it would make much difference in the classification of a ship whether built on this side or the other?—A. There is one thing about the classification in Lloyds. They class their ships higher than we do; that is, they don't do it with malice or forethought, but they will class some inferior ships as high as ours, which are superior.

Q. The American ships have got to stand underclassification?—A. Yes, and have got to save every difference. There is discrimination against us; there would naturally be a discrimination against us. Human nature is human nature. I know that.

Q. Now, the question would result: If the difference in the cost between the American ship and of the foreign ship were spread over the lifetime of the ship under her class, would it amount to as much as the difference in cost of running her? Is that where the great difficulty rests?—A. That could not be taken into account at all—the spreading it out over so long a time—because ships may change hands so often and change management. That hardly enters into it, would hardly enter into a comparison; but the running of a ship and the difference in the cost of running the ship begins the first day you get it, and is continuous, and will continue as long as there is difference in wages, and that is likely to occur more than a generation or two yet.

Q. Well, could you give the commission an idea between the difference of running foreign ships and American ships in about the same class of trade?—A. I will have to look it up.

Q. You will furnish it?—A. Yes.

Q. Is it a fact that there is a scarcity of first-class workmen in the shipyards of both Europe and the United States?—A. Yes; in certain classes.

Q. And the wages have gone up accordingly?—A. Yes. And there is one difficulty about that that makes it costly. Men who are not quite so good necessarily are pushed in, and, although the wages are lower, the work is more costly when done by inferior men. It takes longer to do it, so you have to employ more men who are between the first and second class to do first-class work. It costs a good deal more to do it when done by that kind of men.

Q. In the American shipyards, as well as the British shipyards, the employment is not very continuous?—A. Yes.

Q. Year in and year out with the same men?—A. That is one of the advantages that I claim for Great Britain. It has been more continuous there. I have known shipyards there to build 60 engines off one set of patterns. Now, that reduces the cost of building ships very much, and then the work is continuous. When a man rents a house or buys a house alongside of a shipyard, he knows as long as he keeps sober and does well he is going to have lifelong employment. In this country it has been spasmodic.

Most of the shipyards have gone under on account of periods of depression, at which time grass and tomato vines grow on the wharves, and at other times there was a gorged condition, then a famine, then a gorge; but in England it has not been that way.

Q. Do many of those foreign mechanics come to this country for employment?—A. We do not always get the best of those men. The men who come from British shipyards are men who are dissatisfied and discontented—either single men that are drinking men, that get discharged, or men who quarrel with their employers, who quarrel with labor organizations, or something or other. As a rule a good many of those men are rather a discontented lot, and they are the great organizers of trouble who come here; particularly those from England.

Q. (By Mr. KENNEDY.) What do you mean by organizers of trouble? How do they manifest that?—A. In every way they can; kicking against foremen, kicking against rules, kicking against everything. They kicked the same way at home. A good many of them are single men. People do not like to leave their own country, and it is a little difficult for a workingman, a good mechanic, to come to this country. A good lot of mechanics you can't bring to this country in a body. The only people you can get are these men who slip over—wander around; they are wanderers.

Q. Any Englishman has the right to come to this country if he has the price.—A. Well, you know what the contract-labor law is—you know what obstacles are put in the way.

Q. But without entering into the engagement with you, he may freely come if he can meet the requirements?—A. A man won't go to the expense of bringing his family over without he knows he is going to have continuous employment. Nobody will do that.

Q. He is free to go and look the ground over and secure employment?—A. How can a workingman do that—go to the expense of going and looking over the ground and then bring his family over?

Q. A great many have done it, have they not?—A. Yes; done it freely some years ago. The very best of men came some years ago. Those who come now are not so good now as they were years ago.

Q. Is it a good thing to bring 10,000 Huns into the Pennsylvania coal regions?—A. I do not think the Huns are of much benefit to the society of this country. I do not think they are going to make very good citizens. It will take a good many generations to make good citizens of them. I do not know what is to be done about laborers. The miners at one time and all the laborers of the country here were Irish. They have got way beyond that, and very few of them come any more. I can remember when the laborers worked in the Reading coal yard that adjoined our place; they had a very large number of Irish laborers. Now their places are all supplied. They have not been turned out, but they left—got better work. I know that one of the biggest contractors in the city of Philadelphia was a laborer when he first came to this country. Up there they have all got better work, and their places have been supplied by Poles and Huns.

Q. (By Mr. FARQUHAR.) What nationality prevails in your yard?—A. There are more Americans in our yards than in any yard in the United States.

Q. Philadelphia people?—A. Philadelphia people. We have people who have been shipbuilders for 7 generations.

Q. In your yard?—A. Yes. My mold-loft draftsman's ancestors have for 7 generations worked in shipyards here. A great many of that kind of people are

working here. They generally have a little property—inherited it. They all have a little property and it would be a very hard thing to move them; they won't go away.

Q. Do they acquire these houses from loan associations?—A. A great bulk of the houses have been acquired from these loan associations, first inaugurated in Philadelphia, and they have been of enormous benefit. I know some of our apprentices, by their work, have gotten themselves, before they were 27 years of age, a nice little house to live in.

Q. Is there much difference in the wages paid on the Delaware and on the Pacific coast?—A. There is a little difference. The wages may be a little higher on the Pacific coast. A considerable number of the Union Iron Works men [San Francisco] were brought directly from Scotland. Some have gone from here.

Q. How long does it take a young man to learn the trade there with you, in any of your departments; where he would probably have to remain in the same department?—A. Well, we have about 85 absolutely different and independent departments there. There is a great variation in the capabilities of the men or the necessities, and in that case, as in all other cases, the best trades are those trades which require the most skill, and are not always the best paid.

Q. Is there any apprenticeship in your organization at all?—A. Yes.

Q. What is the system?—A. We as a rule try to take the children of our workmen as apprentices. They have the preference. Few of them learn their father's trade. The machinist's son will learn pattern making; then the pattern-maker's sons want to go into the machine shops, and so on. We take about 100 boys in our office as messenger boys, some who don't want to go to school any more, and they ultimately become clerks and apprentices. But we take 100 apprentices in our yard to stay, who are children of our workmen; after they are supplied then we take outsiders.

Q. So it has been your endeavor to care for and foster your own force?—A. Always.

Q. In other words, it is simply on the paternalistic line?—A. A good many workmen in Baltimore complain of our place being too much of a paternal affair—have a too good time there, too much friendliness going on there.

Q. Is not that somewhat the universal condition of all the manufacturing in the city of Philadelphia?—A. That is Philadelphia's characteristic.

Q. (By Mr. CLARKE.) I want to ask in that connection how many of your employees you are personally acquainted with?—A. That is hard for me to say. At one time, when we had 200 or 300 men in the yard, I knew every man, knew who his father was, where born, who his grandfather was, and knew who his wife was, and her parents; but now of course it has got beyond that.

Q. (By Mr. FARQUHAR.) How many names are borne on your pay roll?—A. Six thousand eight hundred and fifty.

Q. What is your weekly pay roll?—A. The average pay for a week is \$12; about \$81,000 a week we pay. During the last 6 years, say from 1894, there has been an approximate increase of 12 per cent in the mean wages. That, of course, would not apply to laborers, no; because they keep becoming advanced and new men take their places and become advanced.

Q. (By Mr. KENNEDY.) Are any battle ships or cruisers being built by Government yards at the present time?—A. No.

Q. How long since any such were constructed and built in Government yards?—A. There were two cruisers built in the Government yards some years ago, the *Raleigh* and the *Cincinnati*. One was built in the Norfolk Navy-Yard and the other in the New York yard.

Q. Are they the latest?—A. Yes; they are the latest.

Q. How do the wages in your yard compare with the wages paid in Newport News and the Union Iron Works?—A. I think the wages in the Newport News yard and ours are about equal. There is a little preference for our yard. Men would sooner work a little cheaper in our yard on account of the facilities that all cities give workmen. Newport News is a little out of the road and men do not have those facilities for amusement there that they do in Philadelphia. And then on the Pacific coast—wages are higher there, due to the fact that most of the workmen and tradesmen, men working at trades, have all been taken there.

Q. Are they organized there in unions on the Pacific coast?—A. I do not think they are. There may be organizations there, but they do not affect the ship-yards very much.

Q. Are they organized at Newport News?—A. I do not know.

Q. Are there any labor organizations in your yard?—A. Oh, the riveters belong to an organization, and the pattern makers; but when they were all ordered out

on a strike they did not go last year, for sympathy. The reins are not held very tight. The men in our yard generally are governed by the circumstances attending the yard itself.

Q. Do you ever receive committees of your men to discuss with you questions of wages, hours of work, etc.?—A. It never takes that form. Our way of raising wages is not that way. As soon as ever men get to be scarce we begin to increase the wages of the best men. They begin to ask the foremen and we keep going up. And then another way of raising wages is, if Newport News begins to draw on us and we begin to draw on Newport News, up goes the wages of those men, and in this way I have seen wages go up sometimes 20 to 30 per cent, because we draw on one another and we all bid against one another. That is the cheapest way, because the men get exactly what they give—everything that is accorded to them.

Q. Is Newport News likely to become your great competitor?—A. They are, to some extent, competitors, particularly in Government work.

Q. How are their facilities for ships compared with yours?—A. Oh, they have a very fine and expensive place. Mr. Huntington spent a very large amount of money. It was a fad with him to have the shipyard.

Q. I would like to ask whether Newport News has any advantage over you in the matter of getting raw materials with facility?—A. No; we have got that down pretty fine.

Q. Have you any advantage over them?—A. No; I do not think we have. It would be a little dangerous for the people who supply raw materials if it was found out that they were supplying one party materials at a less price, because the mills are not all owned by one man yet.

Q. (By Mr. FARQUHAR.) Have you felt anything from the so-called combinations of capital in iron and steel in the way of arbitrary rates?—A. No; not yet.

Q. Would you regard the three or four great corporations in iron and steel manufacture in this country now as competing with each other?—A. No; they are a little dissimilar.

Q. Do you regard them as competitors; for instance, the American Steel and Wire, and the National, and the Federal, etc.?—A. The American Steel and Wire does not make ship plates or steel plate, and we do not buy wire.

Q. Well, the National and the Republic and the Federal?—A. I do not know what the Republic and the Federal are. I know there are quite a number of people competing for ship plates. What is the name of the great one at Chicago?

Q. The Federal.—A. Well, besides the Federal and Carnegie there are other people furnishing ship plates for consumption.

Q. The Pennsylvania concern?—A. Two or three Pennsylvania concerns. For instance, there is the Phoenix Iron Works furnishing structural work altogether, and then there is that establishment upon the Schuylkill that furnished those British bridges, the Pencoyd Works, and quite a number of mills at Coatesville. Two or three mills at Coatesville are very large. There has not been a consolidation of all the ship-plate mills.

Q. So there is still an active competition in the mills?—A. Yes. And then if they all combine—and I do not want to see it—they could not put the prices much higher than they are in Europe. European competition would be a factor in keeping prices down somewhat.

Q. And also the dangerous proposition, possibly, that the tariff might be changed?—A. If they would all unite together, and if I were a member of Congress, I would vote against the tariff on iron or iron and steel as quick as I could. I do not want to see a combination of that kind.

Q. (By Mr. KENNEDY.) Mr. Cramp, I want to ask you a pointed personal question on a subject in which people are very much interested. Is there any truth in the rumor or the report which comes from London this morning in regard to a combination between your establishment here and the Maxim Gun Construction Company, I believe it is called?—A. Shall I read the authorized interview that I had published in the Ledger in answer to that?

Mr. CLARKE. If you wish to make it a part of your testimony, you are at liberty to do so.—A. I so desire. It takes up that question of combinations and useful combinations, and those that are not useful. There is a clause to the present subsidy bill that is called the antitrust clause, the most ridiculous thing, I think, that was ever put on a bill. It prevents any utilization of the benefits derived from the subsidy act if there is a shipbuilding trust formed. No shipbuilder that belongs to a trust can get a contract; or, if he does get a contract, the owners of the ship will not have any benefit. It is the most ridiculous thing, because it would be a ridiculous thing to form a combination of all the shipyards. It could not be done; it could not be run.

th your permission I will read this interview.

(Reading:) "In view of the published statements in reference to the sale of Cramps' shipyard and the Midvale Steel Works to an English syndicate, Mr. Charles H. Cramp, president of the Cramps' Company, yesterday gave out a statement explaining the efforts that have been made to extend the company's plant at Philadelphia, and correcting false impressions created by the publications alluded to. Mr. Cramp is in Washington in connection with the Navy Department's proposal for building war vessels.

"Following is his statement:

"These stories not only now, but heretofore, have arisen from the fact that for a number of years I have been endeavoring to enlarge our plant and to extend its capabilities to the point of building a first-class war ship complete, ready to go into action when delivered, including not only hull, machinery, and equipment, but also armor, guns, and ammunition.

"My views as to the desirability of such extension have been more than justified by the phenomenal success of the Armstrong Company, for example. About the time we began to build the *Baltimore*, Armstrong, who was then making guns, only at Elswick, enlarged his place by the addition of a shipbuilding plant, which was already not only firmly established, but possessed, perhaps, the best and most ample technical staff in its organization in all Europe."

I mean when he established the shipbuilding plant he had the best men to be obtained in Europe to take charge of it, which is a very important factor.

(Reading:) "The success of this operation has been phenomenal. They are now employing 15,000 men, and their dividends have amounted to millions."

His dividends amount to 20 per cent per annum, and it is mostly made on the guns and ordnance matter.

(Reading:) "A considerable time ago they completed their organization by absorbing the great Whitworth steel establishment, of Manchester, which had heretofore furnished all the gun forgings and armor for them.

"About the same time the Vickers Company, the great steel establishment, which had been making the armor, forgings, shaftings, and other steel products, absorbed the Barrow Shipbuilding Company. They have since been turning out ships complete and ready to go into action, the same as Armstrong, with like success, mechanically and otherwise. The great firm of Thomson Bros., has been consolidated with the John Brown Company, of Sheffield."

All through our war the Vickers Company supplied us with an enormous number of guns, and are supplying our Government now with guns, and we can not make them fast enough for the new ships that are being gotten out.

(Continued reading:) "The Thames Iron Works also, I understand, has a cooperative arrangement with one of the principal steel plants in England."

Now, this John Brown Company, of Sheffield, have made armor and gun forgings, so the Thomson Company is consolidated with the John Brown Company and they can build a battle ship now and furnish the guns besides.

(Reading:) "Then the Krupps have bought the Germania shipbuilding plant at Kiel (Krupp builds his vessels, furnishes the guns, and furnishes the armor ready to go into action), and now have a large number of vessels under construction, 5 of them for the German Government. At the same time the shipbuilding plant of Forges et Chantiers, at La Seyne, France, has consolidated with the Creusot Steel Company and also with the Canet Gun Manufactory, all with great success. These concerns are now all ready to build for the various countries of the world complete fighting ships ready to go into action when delivered.

"In view of this condition of things, at the very beginning I endeavored to enlarge our place to the capabilities of these companies, in order that we might compete with them for the building of vessels of war, and this I advocated even before any of these new arrangements had been fully consummated.

"Without going into details or without stating the principal directions in which I have been endeavoring to operate, I will say that the idea underlying all my efforts has been to enlarge, as much as possible, under our single management, the diverse industries which enter into the construction of a ship of war in order that we may realize to the best advantage all the experience which we have gathered in two generations.

"So far as these stories are concerned, they undoubtedly are the outgrowth of inklings here and there, without consecutiveness of continuity of fact; necessarily exaggerated, distorted, and therefore calculated to mystify or mislead the public.

"So far as I am concerned, I have absolutely nothing to conceal in these premises. What I have tried to do, and what I am trying to do, and what I may do, is simply a straightforward business transaction, calculated to improve the facilities of our establishment in all directions. It must be distinctly understood that this is a totally different proposition from a combination or consolidation of ship-

yards themselves. It is, indeed, in the opposite direction, from the fact that if successful it would conduce to the more perfect independence of one shipyard.

"So far as the invocation or calling in of what the Chinese call 'the foreign devils' is concerned, that is matter not worth consideration. There is not a business in this country, from the greatest railroad down, that has not invited foreign investment to a certain extent, but always retaining American control.

"This may or may not be an exception to that rule; that would depend entirely upon business considerations; but you may rely upon it that whatever enlargements may be effected, or whatever cognate or contributory industries may be absorbed, the control and management must remain American, and, so long as I live and am able to do business, will remain under my auspices.

"The present story involves the Midvale Steel Company only. I do not hesitate to say that in my endeavors during this period I have not confined myself to the Midvale Company by any means, but have communicated by letter and conferred in person with the controlling interests of both the Bethlehem and Carnegie establishments."

I have laid my scheme before all these people—before Armstrong, before Vickers—before those men made their consolidation. I suggested to Mr. Carnegie himself, to Mr. Frick, and other people the propriety of building vessels on speculation, as Armstrong did. When Armstrong commenced to build, he built most of the vessels in the South American navy on speculation. He built them and furnished them guns, and when the guns were aboard, the vessels were ready to run, and he could get 30 per cent more. During our war with Spain our Government would have given 3 prices for any ship that was all ready. That is the time to make money, and I never saw the time within 30 years, when, if we could have built a war vessel complete as we would build it, we could not make 30 per cent over the ordinary prices. When we had the *Newark* ready to be delivered to the Government, the Chileans offered us \$1,000,000 over the contract price. I went down to the Secretary of the Navy and asked him to delay the *Newark* 1 year. I said, "If you extend the time, I can just sell it, get our money, and build another *Newark*." When the *Minneapolis* was ready to go to sea, the Japanese offered us \$1,000,000 over the contract price, but our country did not receive it. But the Italian Government—Mr. Ansaldo, who is constructor there, has been doing a big business in that sort of thing. He has been building for his own Government, and they will always extend his contract time so he can sell his ship. During our war our Government had to buy some ships. He had 1 nearly ready to launch. He got the Italian Government to extend his time, but our agent delayed too long about giving his price, so when he agreed to give him his price, Mr. Ansaldo said, "It is too late. We have sold it to the Spanish." But some of the people interested in it got the legislature to revoke the action in extending Mr. Ansaldo's time, so he had to keep his ship.

Of course, I could keep you here all night with these stories; but these stories have originated, as I said before, with our efforts to enlarge our plant. I have asked all these people, I have asked people abroad and people here, to assist us in enlarging, not absorbing our plant; not making combinations with foreign shipyards because we can not do it. These combinations we spoke of, about Vickers—they can not, by law, according to their charter, consolidate with any other shipyard. Of course, they could send people to assist in making the goods, and we could get in where a man could, and get people to assist in making the goods. We have been doing that right along. Mr. Whitney, in the beginning of his administration, bought a whole lot of foreign plans for the vessels we were building. The *Baltimore's* plans and the *Charleston's* and the *Texas's* were bought abroad. At the same time he bought some plans from us.

I have a little paper here which I might add to this, if you wish. I wrote this last night. I thought something would be said about combinations.

(Reading:) "At the beginning of my connection with our shipyard, certain various departments of the constructive trades, were entirely independent of each other.

"A shipbuilder constructed the hull alone under a contract with the owner, who made separate contracts for painting, blacksmithing, and ship smithing, spar making, sailmaking and rigging."

That was a sailing ship. It was a most ridiculous condition, yet the shipbuilder was always held responsible for everything.

(Reading:) "The disadvantages of this would take too long to enumerate in this paper—suffice to say that all these different avocations have become consolidated through necessity, and in view of modern practice it is difficult to realize that such a separation ever existed.

"After this necessary consolidation in ship construction took place, there remained for a long time in steamship construction, separate engine-building establishments—the owners of ships contracting separately for hulls and engines.

"The difficulty in fixing the responsibility for performance was so great, however, that most of the great shipbuilders in this country and abroad were compelled to build their own engines."

For instance, a man would contract to build a ship to go 16 knots an hour, and he would contract with an engine builder for an engine. If the ship failed to go 16 knots an hour he would blame it on the engine builder, but the engine builder would put it on the shipbuilder, claiming it was not a good model. So you could never fix the responsibility. So ultimately that became consolidated into one establishment, and now we do not see how they could ever be separated.

(Continued reading:) "We began to build our engines in 1870.

"Harland & Wolff, up to within a few years, contracted for their engines, and I think that Armstrong still continues that practice.

"In the pure definition that some would select to denote a trust, we could make out any modern shipyard to be a trust, embracing a large number and wide variety of industries which it would be impossible to separate.

"If a steamship would be built under the old method of subdivision a \$3,000,000 trans-atlantic steamer would cost \$6,000,000, and to fix the responsibility or responsibility for performance, etc., would be absolutely impossible."

Q. (By Mr. KENNEDY.) It is your ambition, Mr. Cramp, to build ships and war ships, equip them with ordnance, and keep them in stock?—A. Oh, not to keep them in stock.

Q. To sell to whomever buys?—A. I tell you we are at a disadvantage. One of the principal sources of wealth of the great shipbuilding yards of Great Britain has been their building vessels for other nations. As I said before, England having helped their own shipyards to build vessels, they have duplicated these vessels for foreigners, and the navies of the world, as a rule, have been built by England up to within recently. That was a source of enormous profit to Great Britain. Just see how the English shipbuilder has been patronized and helped and assisted by the Government, both directly and indirectly. Now, we are at a tremendous disadvantage in building ships for use abroad. We would never have been able to get this contract in Russia if the Russians had not known me. In 1879, just at the time they expected Great Britain to be involved in that war with Turkey, they sent over here to buy some vessels and had some changed. I changed them. They knew me at that time and they know me now, and as soon as they found that they had to increase their navy they sent for me to come over there. But I found when we built the battle ship we had to go to the Carnegies and to Bethlehem and get our armor there, and the price we got that for was \$600 a ton, just the same as the Government, and we could not do anything on that; the price was way up. We had to take just what they asked us, nearly \$600 a ton. That is nearly one-third the cost of the ship, out of which we received no profit at all. The profit on armor making is something enormous. The people who make money on their ships are not the persons who design it or construct it, nor the persons who take two or three generations to get information enough to design a battle ship, and there are only two or three people in the world who can design a battleship like that. Not only that, but we get no benefit of all the outlay of money. But the gun maker who makes the guns for the Government makes the money, and if we had been gun makers we could have had the guns too. So you see at what a disadvantage we are. In Great Britain and in Germany and in France they build the ship complete, guns and all, and we are at a tremendous disadvantage. Why, I would be very willing to take a battle ship and build the ship at cost if we got the profit on the armor. I do not say that the armor makers get too much profit, because it involves an immense outlay of money to build an armor plant and the business is not continuous and they deserve big prices; but still I would be satisfied, if we were making the armor, to get the profit on the armor and let the ship go in at cost. That is what these big concerns in England can do. I want to compete with the best. It is my ambition to compete with the best and build the biggest ship.

Q. You say the profit on armor plate is enormous?—A. I mean compared with the profits on shipbuilding, which is the least profitable industry in the world. There is not a business where there is less profit compared with the immense amount of ability required to construct the ship.

Q. You are probably carrying on your business at a profit as it is, and you say the profit on armor plate is enormous?—A. The profit on shipbuilding, particularly on contracts given by the United States Government, is ridiculously low, and in merchant shipbuilding it is still lower. In England it pays better because of the prices they pay for the materials that go into the construction of a man-of-war; there is a profit on these things and a proper one.

Q. Would you care to say what you think armor plate could be furnished to

the Government for at a reasonable profit?—A. I could not say. There have been a good many cases and instances cited, but I would not care to discuss that.

Q. (By Mr. CLARKE.) What is going to be the good or value of these vast armored vessels and all their armament when the Holland submarine boat is going to creep around under them and blow them up?—A. If any boat can creep around all the battle ships that approach anybody's coast there will not be much use of building battle ships—if they can do that; but armored cruisers and battle ships can keep at quite a respectful distance and effectually blockade a coast. They can throw shells a good many miles. A fleet of vessels can lay off Coney Island and throw shells into Brooklyn very easily, and it will bother the *Holland* or any other torpedo boat to blow any of these ships up, particularly if they are in motion and changing their positions continuously.

Blockaders and battle ships are very much afraid of a torpedo boat, submarine boat, or ram, and the utility of these boats is principally the fear of the unknown that agitates the mind of the blockader; he never knows when he is safe. For this reason I would recommend the building of these boats.

Q. But if the Holland boat can safely cross the Atlantic and can move around at a livelier pace than a great battle ship, is there not a real danger from it?—A. I do not know about its crossing the Atlantic. When I go across the Atlantic next year I want to go in another kind of a ship. I do not think it will be very comfortable to cross the Atlantic in a Holland boat. I do not think they claim that, do they, Mr. Clarke?

Q. I am not aware what they claim, except I have seen statements that they are going to try it; but my question was based on the supposition, the hypothesis, that they can do that. If they can, is there not a real danger to the present type of naval vessels from that source, and will not that fact make another revolution in naval architecture?—A. Naval men do not seem to fear that. Continuously for the last 40 or 50 years I have heard of sudden revolutions in naval architecture that are going to destroy our business and bring out new men and order of things, etc., but I have never seen them. Great revolutions like that do not occur. I have found that all changes that occur in battle ships and other ship constructions are of slow growth. They develop step by step, not by jumps.

Some years ago, when it was suggested to begin the new navy, the ordnance experts said we must wait until we got the best gun; some said we must wait until we got the best type of vessel before we began. We waited many years, and we might wait forever. If you build as good a gun as others have, you are their equal; if your men are superior, you are superior. We are all in the same boat. Every year will produce better guns; every year will produce a better ship and better armament, and we will continue to have the older ones at the same time; so will all other nations.

Q. Whatever revolution will take place or whatever evolution, you deem it highly important to have a great plant with every facility for quickly producing the highest and best types of old and new?—A. Yes. This great plant I am speaking of would enable us to build the greatest merchant ships—for instance, a merchant ship 700 feet long. In building the shafting and the heavy forgings it takes a gun plant, and great forge and air compressor. It takes the same machinery to build the shafting of a great merchant ship that it takes to make the great gun forgings and armor plates for the war ships. Bethlehem is using the facilities they use for making armor and gun forgings for making shafting. So the facilities you have for melting steel will serve for various other purposes for which molten steel is used, and in making armor plate you do not have to separate steel-melting appliances. The same facilities for making large ingots will make large ingots for armor. A party on the other side wanted to buy the armor plant of Carnegie's and also the armor plant of Bethlehem. They could not separate them. The steel-melting plant could not be separated; you could not cut it in half. If they were to separate it they would have to build a new steel plant.

(Testimony closed.)

WASHINGTON, D. C., January 19, 1901.

TESTIMONY OF MR. WILLIAM J. O'BRIEN.

Representative of the New York branch of the Granite Cutters' National Union.

The commission met at 10.10 a. m., Vice-Chairman Phillips presiding. At 12.36 p. m. Mr. William J. O'Brien, of New York City, representative of the New York branch of the Granite Cutters' National Union, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) You will please give your name, address, and present occupation.—A. William J. O'Brien; address 155 East Fifty-fourth street, New York City. My present occupation is representing the New York branch of the Granite Cutters' National Union.

Q. How long have you been connected with organized labor?—A. For many years.

Q. When was the Granite Cutters' Union first formed?—A. In 1877—that is, the national organization.

Q. Have you a separate organization of granite cutters in the city of New York?—A. It is a local branch of the national organization.

Q. How far does the jurisdiction of your national association extend?—A. In most every State in the Union where there is granite work. It has complete jurisdiction over all granite work in the United States.

Q. Do your local organizations make the scale of prices for localities?—A. Yes; each local makes its own rate, but it is under the supervision of the national organization or executive board, which is comprised of the national union officers.

Q. Have you a uniform time card over the whole United States?—A. Yes; we have a uniform rate, not of wages but of hours.

Q. What are the hours?—A. Eight hours.

Q. Does that regulation hold good in all the locals?—A. In every local from Maine to California, and it has also been adopted by our local in New York.

Q. Among the granite cutters of the United States how many are in your organization? Out of all the granite cutters, what percentage?—A. I should calculate about 98 per cent.

Q. What is the supposed membership of the body?—A. That is pretty hard to tell—the actual membership. I should calculate there were about 16,000 to 17,000.

Q. Have you a strike or defense fund in your organization?—A. No.

Q. How do you provide for strikes?—A. All our money is centralized. The local organizations are allowed a certain amount for legitimate expenses; the rest is all sent to headquarters. In case of a strike taking place with the approval of the union, the funds of the national organization are drawn on to pay the strike benefits.

Q. Have you any assessment separate from this defense fund of the national organization?—A. Many of the organizations have a local fund, raised by local assessment.

Q. In your experience in the last few years, say for 10 years back, how expensive have strikes been to your national body?—A. We have not had much difficulty in strikes. In 1892, we had what we considered a lockout. The employers, of course, did not like that term and called it a suspension of business. That was on the part of employers in the New England States. It affected us, and 4,000 of our men perhaps were supported for a year. It was quite expensive.

Q. About what did it cost you?—A. That I could not tell. Matters of that kind are practically before the national union officers. We went in debt to the extent of hundreds of thousands of dollars, but we got out of it. Members of the organization paid 50 cents a day while that assessment was on—while the strike was on.

Q. (By Mr. FARQUHAR.) In your organization in the city of New York, is your organization represented in the body of delegates?—A. Yes; in the board of delegates.

Q. How long have you been in that board of delegates?—A. Ten years.

Q. How long have you been a member of that board of delegates?—A. In the neighborhood of 10 years.

Q. Have you been an officer in the board of delegates?—A. Yes; I was president of the board of delegates for I think about 27 consecutive terms.

Q. You are not at present the president of the board of delegates?—A. No.

Q. Now, the commission would be pleased to have you state what were the reasons that brought together the workmen to promote this board of delegates,

and how the authority is given from the local unions to the delegate himself; how much authority that delegate has in the case of strikes and ordinary work over his union. First of all, the reasons that formed this board of delegates?—A. I was not connected with it in its formation. It was formed along in 1884 or 1885. It existed to bring the members of the different organizations in the building trades into closer affiliation. The representatives of labor that are attached to the board of delegates of the building trades have power to act for the organization between meetings. They must have that power before they admit them. They are governed by a constitution and by-laws, which are submitted to the organizations for their approval. A grievance being entered against nonunion men or nonunion conditions is referred to the committee of the delegates having men working on that particular job, and as the constitution provides, it is mandatory for them to attend on this grievance; whether there are 2 delegates or 20, it does not make any difference. If they have men at work on that particular job, it is their duty to go there and investigate the grievance. If they find out it is a just one, and after interviewing the architects and owners, if they can not adjust it, they have power to order a strike, provided a two-thirds vote of the delegates on that grievance believe it is a just one, the vote being polled.

Q. How many trades are represented in your board of delegates?—A. From 27 to 30. There were 45, but there has been a division in the trades. Some organizations have 2 votes, but the vote is by the organization and not by the delegates.

Q. So that a strike could not be ordered in the interim unless two-thirds of the board of delegates agreed?—A. The board would have no right if there were 50 delegates in it to order any strike. It is the individual delegates who have men working on the particular job. They would have to remove their own men if a strike was ordered, so it is not sentimental at all. It gets down to business facts.

Q. If a delegate of a particular trade found an occasion, as he thought, to order the men off work, is he bound to consult with other delegates in other trades that are working on the same building, or has he the power individually?—A. No; each delegate must be consulted who has men working there, and they must go and work together; a time is appointed when they shall meet and investigate. At least 90 per cent of the grievances are adjusted through committees without any trouble; sometimes a higher percentage than that.

Q. Have you any standing committees for the adjustment of these troubles?—A. No standing committees.

Q. Then the regulation of your trade is pretty much entirely with your board of delegates—that is, between meetings of your local?—A. Oh, yes.

Q. Have your trades entered into any business arrangements with the master builders of New York with respect to contracts?—A. No. The majority of the local organizations have an agreement with their employers, and have yearly agreements fixing the rate of wages and the working conditions, and generally a clause to settle any dispute that arises.

Q. In case of the infraction of a rule of a union by a union is that case judged and adjudicated by your delegate, or does it come before the committee?—A. That would come before a committee. It would be his duty to report to the body first if there is a grievance in it, which is generally done by the local, by their executive board. The delegates are generally instructed by the organization to bring the matter before the board of delegates or council; there is a council or board of representatives which would discuss it first, perhaps, and then refer it to the building trades; then the men interested in that particular work, on that particular building job, would be the people who would go there to investigate. Every precaution is taken to avoid a strike, as one is ordered only as a last resort. The delegates are quite reluctant to take their members off or order a strike, unless all other means fail. They are open to compromise, and stand ready and willing at all times to adjust a disagreement if it is possible.

Q. In your own knowledge have you known of a delegate going to a building in course of construction in the morning and finding an infraction of union rules, and finding an employer unwilling to remedy that infraction, and then ordering the men off during the same working day?—A. If I as a delegate should visit a building where the members of the organization that I represent were working, and there was a violation of the rules, and members were violating them, I could order them off, but not the other trades, only the individual organization I represented, but nobody else. If there was a violation of the rules, and you desired the assistance of the other trades, you would have to put in a grievance in the regular form.

Q. And that grievance goes before whom?—A. Before a committee of the board. The committee having men on that particular job, their duty is to investigate.

Q. What I desired to get at was this; whether there is in your rules a rule that is peremptory in its power of ordering men off a job for infraction of union rules

during a working day without a complaint being made to the master builder putting up the building, or to the contractors?—A. It is very seldom. I do not believe I have ever known men to be ordered off a building without the owner, architect, and builders first being interviewed, and an attempt made to adjust the difficulty. I have never known one case where men have been ordered off until every honest means has been taken to adjust the difficulty.

Q. What are the general duties as laid down in your rules for these delegates from the locals? What authority do the locals give them?—A. The representative is supposed to see that the working rules are all complied with. As a general thing, agreements are entered into between employer and employees covering a period from 1 to 2 years, and the representative—if there is any dispute—is supposed to interview the employer and adjust it if possible, acting at all times under the instructions of the organization in matters of that kind. That is principally his duty, adjusting any dispute between the workmen in the shop, yard, or building. Wherever he believes that the employers are violating the agreement, it is his duty to go. The reason why it is necessary to have a representative is simply because he is independent. We found in former years that in cases where a man who asserted his manhood and asked the employer to live up to his agreement, that in 9 cases out of 10 that man would be discriminated against; sooner or later he would be a little short of work and would have no further work for him. Now they will send a representative there to deal with the employer, and he is in a position in which they can't discriminate against him. Any action taken would be taken on the advice of the executive committee of the organization, or the organization itself. In a matter of that kind the delegate would in a few cases use his own prerogative, and if he did use it he would be very positive that he would be justified in doing so, because he has to report every week to the organization, and there are some bright men in many of the organizations. The delegate who has taken men off a job wants to be in a position to show that he was justified in doing so, or they might have a new representative, and he might get his hair combed. They haven't the arbitrary power that some people imagine. Some people imagine that a walking delegate has horns and a tail on, but it is not so.

Q. He is simply the administrative officer of the local union?—A. That is all.

Q. Have you a standing committee of arbitration?—A. No.

Q. How do you arbitrate?—A. When a question of jurisdiction comes up where a dispute arises between two organizations as to the jurisdiction of work, they arbitrate the difference by selecting so many representatives on each side.

Q. It has been suggested here that you might give the genesis of the expression "walking delegate," which is used opprobriously, publicly, and otherwise by some people. When did they first acquire this name of walking delegate?—A. Never. When the board of delegates was organized, it was known as the board of delegates of the building trades of the city of New York. It has been published in the papers for years as the board of walking delegates. I have been a member of the board for many years. There is no "walking" in it, although the newspapers put it in "board of walking delegates." There are times when it is necessary to hire an automobile or any other kind of a vehicle to get around; they do more riding than walking.

Q. (By Mr. PHILLIPS.) It was not given out by the labor organizations?—A. Not by the labor organizations.

Q. By the newspapers?—A. I do not know where it was started.

Q. (By Mr. FARQUHAR.) Compared with your best paid class of workmen, what is the salary of your delegate?—A. Mine is \$30 a week, but I have to pay all my traveling expenses within the limits of the city out of that salary, so at times, after paying legitimate expenses, I sometimes do not find it as profitable as working at my trade.

Q. Ordinarily, do any delegates get much more than weekly wages?—A. No; the delegates as a general thing are paid their regular rate of wages, and perhaps from 50 cents to \$1 a day over. This salary of mine is assessed on the local trades of the organization, and they pay that, not from the general funds, but from local funds.

Q. What experience have you had of sympathetic strikes in your trade?—A. I have had considerable experience of many years in the sympathetic strikes. The sympathetic strike, in my opinion, is certainly a hardship; the employees and employers in one particular industry are getting along harmoniously, and a sympathetic strike involves other employees just as well as those against whom you have the grievance, and it has certainly been a hardship. We have tried in various ways to avoid it, but some of the employers have a tendency to attack a weaker organization, and it is absolutely necessary for the stronger ones to come to their rescue. That is the cause of the sympathetic strike. They are very care-

ful not to attack the stronger ones, but at times will attack the weaker organization; and, further, their reasons for doing that is at times in subletting their work; they sublet it to most unscrupulous employers, who involve them in difficulty; but at the present time in the city of New York a good deal of that is being avoided. They realize it is not profitable, and if they do sublet they put in the clause that union labor shall be employed. Of course there have been some very large sympathetic strikes in the building trades in the city of New York during my experience, sometimes affecting as high as 10,000 to 12,000 men, but we have tried to avoid them. I believe it is the builders' fault, if any, that they have not been avoided; that is, the fault of the employers' association.

Q. In your newer unions don't you find more difficulty in carrying out your rules than you do in the older organized bodies?—A. You do not find any more difficulty in carrying out the rules in a new organization but perhaps you have to check them at times—keep them in check until they get to understand thoroughly.

Q. In your own trade is it not a fact that the later organized bodies, and those who have had very little experience in organized labor are apt to bring your other bodies into trouble?—A. If permitted, but a rule in the board of delegates requires that any demand for a change of conditions, that is, as to hours or wages, that any affiliated organization intends to make on its employers must be referred to the board or to councils attached to the board, and it is then referred by them to a special committee. They must also furnish a copy of the existing agreement under which they are working, and it is on that committee's report that the general discussion is taken up; whereas, if the demands are not considered fair that it may involve them in a sympathetic strike when they go to put it into effect, if the facts do not warrant what they desire they do not get it. They return the agreement and say, "Gentlemen, we will uphold you on these demands of the union there," and many times the board of delegates has been the means of preventing many disputes for demands between labor and its employers.

Q. You would say that the action of your board of delegates is more conservative than otherwise?—A. I consider it is one of the most conservative bodies of labor. That is, when we consider that it is clothed with the power that it has at times.

Q. In making up your scale of prices, it is based principally upon piece and time work, is it not?—A. There is very little piecework; all time work, days' work.

Q. How are your scales made—your local scales?—A. First they are submitted to a committee, as a general thing. They draft what they consider fair trade rules. They are then submitted to the organization. In the union that I represent we have had no changes of prices in 8 years. Conditions exist just the same, but where there have been changes in the different locals of the Granite Cutters' Union the committee on the bill of prices is appointed. After they have agreed among themselves they report to the local organization at special meetings called for that purpose, and, if approved by both, it is sent to our national officers, and if they consider it all right it is submitted to the union for a vote of the entire union at large, from Maine to California. Whether they will approve or disapprove it is submitted to the entire union at large. When the time of our 8-hour demand went into effect it was a revision committee of our union, appointed by the union at large—the national organization—which acted. They embodied in that section one section known as 198, providing that on and after March 1, 1900, none of our members would work only 8 hours a day. We put it in our constitution. We notified the employers in the spring of 1897 of the change—that we would, on and after the date of March 1, 1900, ask this change, giving practically 3 years to get accustomed. And I want to say that we were successful in it. We only had a short skirmish in some of the States, but we were successful.

Q. In many of those cases do you give the employers time to adjust themselves where they have contracts, if you want to make a change?—A. Always. The agreements provide in many cases that if either party desires a change of the existing agreement he shall notify the other within 6 months of the termination of the agreement.

Q. Have you knowledge concerning unfair builders—contractors—in New York, so that you are able to both defend your own labor and at the same time inform regular honest contractors of men who are unfair in their dealings?—A. Yes, that is part of the work of the business agent. For instance, in my particular case, if the contract goes out for granite, if there was a nonunion contractor—an unfair contractor—it would be simply my duty to notify the general contractor that this employer was unfair. It would be the duty, in a case of that kind, to send a committee to see the building trades of the city and notify them of unfair employers. In nearly every instance the employer avoids having anything to do with the man that is going to cause him trouble. That is part of the duty of the representative also.

would see that there was not any work on the building. Then they foreclosed; but there are fake foreclosures of the work done on the buildings.

Q. Is there as large a number as there were in the county of New York?—A. There certainly is. Most of the speculative builders buy property—buy a whole block of lots. They take the whole block—buy so many lots for so much money. That is covered by a mortgage. You understand, they do not put one dollar into the purchase. And then they start and build, even without a builder's loan. They are supposed to get so much money for every pair of beams, according as they get so high. They are entitled to so much money under the builder's loan. At times they will get as much money as they can, and get their loan on the mortgage, and then "skin out" and pay nobody. We ask those men doing business in that way to see that those men pay their labor before they get their money, and see that they have receipts for labor paid in full for the work done. After a certain time they will get their loans, and say, "Well, I do not think it as profitable as I thought it would be," and with an understanding with the man who gives the loan, he simply forecloses, and then some stool pigeon will come in, and everybody is wiped out who is working on the building.

Q. So in that way they can avoid the mechanics' lien law?—A. Of course, a mortgage take precedence over everything else; they are always protected in that way. And the only thing that labor can do is simply to compel the parties that own that property to pay labor or not work—to pay what is due to the men that worked on that building. That was certainly detrimental to some of the members of the Builders' League, and they thought they would get an organization of their own that did not have as much power, and that could be utilized to their own advantage, but they were not successful in that.

The legitimate organization of the builders of the city of New York is known as the Mason Builders' Association. They do not build on speculation at all; they simply build for owners. They take a contract to build an entire house, and sublet to the different crafts and different industries. I met Mr. Leo before the legislature of the State of New York proposing labor measures, and some of the members of the assembly that knew him came before the committee and informed the committee just what they thought of the qualifications necessary to join the Builders' League of Harlem; and one of the members that ought to know, because he represented labor for many years, stated that he knew for a fact that the only qualification necessary was a whitewash brush and a pail. Their work is confined exclusively to the upper district—the speculation work. They very seldom come down into the lower section of the city. They are building little bits of houses up there—I guess some of them would fall down, except that they build them in blocks, and one holds the other up. They are certainly not doing the best class of work. Their whole desire is to complete a house as quickly as they can, no matter how it is built, and if they can dispose of it they sell it. Then when a man buys it, he has got a kind of an elephant on his hands, until he fixes it up and repairs it. That is the kind of an organization the Builders' League is, in my opinion.

Q. Did your organization or your body have any trouble at all with this league in connection with the Tobin stone-dressing law?—A. We had no trouble with them, but an effort was made to repeal the stone-dressing law, and we know for a fact that considerable money was collected and used from the quarry owners in the eastern section of the State. I was somewhat surprised when, upon meeting Mr. Leo in Albany, he said "such legislation as that we approve of; that is to say, that the labor gets the benefit of the public works of the State." And afterwards he came up before the committee in opposition to the bill. I do not know whether he had been subsidized or not, but it seemed strange that a man should come up there the next week and make a vigorous protest. But I can assure you that it was made so hot for him there, when we showed the committee that he did not know what he was talking about, that he got disgusted and went away.

Q. How does the Tobin law work?—A. It provides that in all work for public improvements the stone must be dressed within the boundaries of the State.

Q. (By Mr. LITCHMAN). Is not that a law that has been recently declared unconstitutional?—A. Oh, no; it has not been declared unconstitutional by any means. The question of unconstitutionality has not been touched by any means. Where the mistake occurred was that the decision was handed down on the 31st of December, but the opinion was not handed down until the 5th of January. The decision of the lower court was reversed, and everybody thought the law had been declared unconstitutional. The fact was that they did not declare the law unconstitutional at all. But the city had accepted the work. The facts were not presented under oath. They reversed the order of the lower court and decided that the party must be paid. The case is appealed and comes to a hearing next month; but the law stands on appeal, there is no question about it.

This has been quite beneficial. The first reason that we had for having that law enacted was that people having offices in the city of New York, but no place of business there, would flood the city. Every contract that would come along they would take to some of the islands or mountains of the East where the conditions were so different from what they are in New York City that we did not think it was fair at that time, although since that time the strength of the organization has eradicated most of the evils. You take the people that live in the boarding houses and buy all the necessities of life, or did buy them. They would employ 200 or 250, and they had to buy all the necessities of life from the employer, pay rent to him also, and only work half time. When you got out of stone, you would have to wait until they gave you another order, and at the end of the month you would find you were in debt to the employer in place of drawing any salary for the month; and we did not like those conditions. I believe now that the residents and citizens of the State of New York or the city of New York are entitled to the benefit of work on public improvements. I believe that better conditions will exist when such a condition prevails in all the States on public work. I believe if you take Pennsylvania or Georgia or Maine, or the different States of the Union, that on public work the people of the State are entitled to the benefit of the work. Our New York law says that none but citizens of the United States shall be employed, but it restricts the dressing of stone to that particular locality. And not only that, but we have found that to a certain extent it has cheapened the cost. By the system on which they work in the Eastern States, it was not encouraging for men to do a regular day's work. You know it is very discouraging, where a man is not getting half paid for his work, for him to let himself out to the full extent, or at least to do a fair day's work. He is not going to do any more than he can help.

Q. (By Mr. LITCHMAN.) If he is paid by the day, what difference does it make?—A. Well, the conditions existing at that time were not by the day or week in some places. The only way a man could get out of the location was to go in debt, and get so much in debt that the community would be glad to get rid of him.

Q. If they worked by the piece they would not delay in that?—A. Yes; they would. A man would get further in debt until they would tell him to get off the island, so he could get out into civilization. There have been cases of that kind.

Q. Did that practice prevail sufficiently to make this difference in the cost of the material under the New York law?—A. I do not know at the present time, but I know that in 1894 the employers in the city of New York, or officials of the city, raised the question as to the cost. I know statements were made before the legislative committee that on certain jobs it would cost, as they claimed, 33½ per cent more to do the work. We found from the estimates that it was done under the existing law—that the work was done as cheap as it was under the conditions existing before, and that the State had derived the benefit of keeping the money in circulation within the State.

Q. Was that a fair comparison in 1894?—A. It would be fair. At the present time about the same conditions exist.

Q. 1894 was a period of general depression, was it not?—A. You take the conditions in 1894; there was a general depression in the Eastern States and there was a general depression in the city of New York; we compared the conditions at the time.

Q. If a man was working down East, as you say, for nothing, he could not be working for any less in 1894?—A. I did not say they were working for nothing. Our members are not accustomed to do that sort of business.

Q. There was a little inconsistency there that I wanted to call your attention to, that is all. Now, is it not a fact that the decrease in price comes from the concentration of workmen at New York, where this law is in vogue?—A. No; I believe that all trades are becoming more proficient—they are compelled to; and what would be considered a fair day's work in 1890 the employers would hardly consider a fair day's work in 1900 or 1901.

Q. Has there been any improvement in tools of trade?—A. No; no improvement in tools of trade. The men have become more proficient.

Q. Do you not have—I am not, of course, up on the expert nature of your tools—but do you not have a sort of tool for dressing stone that is different, a sort of gang-saw arrangement?—A. No; not at all.

Q. No different?—A. No.

Q. There is a sort of machine used in dressing stone?—A. Not to a great extent.

Q. It is not enough, then, to affect it to any great extent?—A. You must bear in mind that in the city of New York, I suppose, more is accomplished in all branches. The rate of wages is higher, and that is an incentive for the men to do more work, and more work is accomplished there in 8 hours than any place on the

top of God's known earth. That shows that where the rate of wages is higher it does not always make the cost of production more.

Q. You think there is more produced to-day under the 8-hour law than there was formerly under the 10-hour law?—A. On account of the men becoming more proficient—there is no question in my mind.

Q. Do you think the skilled workman of 1900 will produce more than the skilled workman of 1890?—A. There is no question about it. They are increasing at all times on that line.

Q. You are using the same tools?—A. Just about the same. There is no difference in the tools.

Q. Was not a man working at the bent of his speed in 1900?—A. No.

Q. Was not he compelled to do so under the wage that was paid to him in order to get along?—A. No; I do not think that they did. I do not think where the men were getting a very small share of the profit that they were encouraged to let themselves out any. But I believe—so far as the 8-hour workday is concerned—that you can get all that is in a man out. There is no necessity of working him 15 hours.

Q. We are not discussing the ethics of the 8-hour law. I am thoroughly in favor of the 8-hour law; but while I will not discuss the question, of course, I am trying to bring it out in the evidence if I can. What I wanted to see was whether you wanted to take the position that a skilled workman, working 8 hours, could do as much work as he could working 10 hours?—A. No; I will not take that position.

Q. I do not want you to take that position, and I do not want you to take it in your testimony.—A. No; I do not take that, no; it was another question that I answered in that way.

Q. In the adoption of the 8-hour system, is not there a larger opportunity given for the employment of a greater number of workmen?—A. There is no question about that. I have advocated in the organization the Saturday half-holiday for this particular reason. Suppose there are a thousand members in a labor organization. Enforced idleness on 1 day would mean employment for 500 men more in that particular location where business is done.

Q. Have you any apprenticeship system in your trade?—A. Yes; we have an apprenticeship system. Each branch regulates its own, but there is no indentured apprenticeship.

Q. What restrictions have you as to the number of learners permitted in any branch?—A. We allow 1 to 10 men in all branches. We have no particular branches.

Q. In each branch. Now, perhaps you can answer this: How many divisions or branches are there in the stonecutters' trade?—A. There is not any difference at all.

Q. One man does all the work from the rough stone to the finish?—A. Our rule is that a man can take a stone up, no matter what it is, and complete it.

Q. A man may be a shoemaker and possibly make a whole shoe, but under modern conditions he may be a laster or a McKay operator.—A. We have no branches at all. A man may be on a building carving to-day, and he may be on ordinary work to-morrow; or the men working on the ordinary work may be sent to do the carving. There is no subdivision. We call the men granite cutters, no matter whether they are working on the bench or on plane surfaces.

Q. Is that arrangement for learners a matter between your organization and the employers?—A. This rule is laid down by our organization and lived up to by the employer.

Q. It is a rule enforced by the organization?—A. Yes.

Q. And accepted by the employer because he has to accept it?—A. Not necessarily so. In the matter of apprentices on stonecutting it does not pay to have too many of them.

Q. I am not discussing that. I am trying to get at the manner, for instance, in which my boy, an American citizen, supposing he wants to learn stonecutting, in what manner he can learn it.—A. By securing employment from a man who has not got all the apprentices he wants. Employers generally do not care for many.

Q. Again, I say I am not going into the ethics of the association. The claim is made "that the despotism of trade unions prevents the American boy from learning a trade."—A. That is not so; but the American trade unions must draw the line some place. In some places the employers want all the apprentices, and no trade unionists in their employ. We have to draw the line somewhere.

Q. Your regulation, then, in your trade in drawing the line is that 1 learner to 10 workmen may be permitted.—A. Yes; but while that is only in a particular

location, in other branches they have had a much more liberal allowance, and in some it is not as liberal.

Q. What is the allowance in New York?—A. As I said, 1 to 10 in New York. In other branches, in the quarry districts, they allow them to have more, because they have a different system.

Q. You believe this restriction to be just and fair from the standpoint of your trade?—A. Yes; and the employers consider it so, I believe, in all cities.

Q. Have you had any difficulties with your employers over that particular point?—A. No; many of them say they do not find apprentices profitable at any rate. And you must bear in mind that an apprentice in cutting granite is liable to spoil all his work; after working a month on his work he is liable to spoil it.

Q. Of course that loss falls on the employer?—A. On the employer, and he does not think it is a source of profit to him. We have this system to compel the employer to keep the apprentices at work in learning their trade. Before we took that action the employers only wanted apprentices, because it was very cheap for the first year, to drive horses and work around doing the same things that the ordinary laborer can do; but we simply thought that if they were going to teach boys in their apprenticeship so that they could do cutting they should put them at the business. That was not pertaining to it—driving horses and driving the employer around to different jobs.

Q. Do you know of instances of workmen having their sons taught through this regulation?—A. Yes; we have never objected in the least, even if the employer had his regular allowances of apprentices and application was made to the organization for any of the members' sons to join it. I have never known a branch to refuse it if he could secure employment in any of the yards under our jurisdiction.

Q. The charge has been made that it was impossible.—A. No; I have known that to be refused. It is not a month ago since 2 apprentices that had been discharged in the jurisdiction of some other branch had secured employment in our vicinity under instruction. They had not worked a sufficient length of time to come as journeymen, but I have known a branch to accept them and permit them to go to work under instruction, if the employer was willing to confine them strictly to cutting, so they could learn, and give them a sufficient time. When boys are not proficient we extend their time to them at their own request or at the employers' request or at the request of the members of that yard, so that a boy may be turned out and be a full-fledged journeyman, capable of holding his end up.

Q. Now, this term delegate, commonly called "walking delegate," that is sometimes the term for "business agent," which is now coming into use, is it not?—A. The term always has been business agent. I do not know where the term "walking delegate" came in. The board of business agents or delegates in the building trades came to be walking delegates in the newspapers, but the board was the board of delegates.

Q. Do some of them call themselves business agents?—A. All of them are business agents. I do not know that any of them ever did designate themselves as walking delegates.

Q. I have seen references in the daily press to someone as the "business agent" of such a trade.—A. That is right. They are all business agents and always have been elected as such.

Q. Has this custom been adopted by trade unions because of any experience in the past whereby the representative of a labor organization was liable to be victimized if he served on a shop committee or a trade committee?—A. There is no question about it. It was absolutely necessary to have an agent, because if a man was compelled to act on a committee and get up before an employer or committee of employers and state just what he thought honestly, and oppose his own employer, perhaps, on certain propositions, he was liable to get into trouble. They claim that they never discriminate against men, but we have known men who have asserted themselves, and we do now, where committees are sent out, who have lost their places. They may not be discharged that week or the next, but the next lay off the men are dropped off, until they get a committee they can manipulate, that are very docile, that will do practically as they want them to do. They can not discriminate against a business agent, and I presume that is one reason. I have had lots of experience.

Q. You seem to have been in constant employment; but is there any difficulty in a man getting employment who has served as a business agent?—A. Yes; we find that a delegate that does his duty finds it very hard to secure employment, but a large number do. I do not believe it is absolutely necessary when you go out as a representative of an organization to get into practical antagonism with the employers. The work can be done with the utmost amount of diplomacy, and it is always better to do it that way. That is what I always realize, and I believe

a majority in our board do, and we have perhaps more experience there than any other place in the United States. We meet an employer, and we meet him on a fair and equal basis and discuss the propositions with him in a fair and honest way; and we realize this, that if we were to get at loggerheads with the employers, and get to calling each other names, we would accomplish nothing; that for the representatives of the trade union and the employer to settle a grievance they have got to get together, and it is bad policy to start in calling names, because it is injuring the members of the organization they represent.

Q. How long a period does your service as a business delegate on the board of delegates cover?—A. I have been on about ten years.

Q. Have you noticed in that ten years any evidence of a closer affiliation and a better mutual understanding between the employers and the employed?—A. Yes, I have. Most of the organizations have annual agreements.

Q. Have you such?—A. No; we have not had any agreement, nor any change of conditions in 10 years with our employers, and everything is mutually satisfactory.

Q. So far as your experience goes, do you or do you not think there is a better understanding between the employers generally and the trade unions generally?—A. Yes; because I think the employers have at last reached the conclusion that to get practical workmen they must employ members of trade unions, and they realize that even if they can get along without the trade-union members and employ people elsewhere, that just as soon as they get educated in a short time up to the mode, they want just as good conditions as anyone else, and that they have been spoiling their work while they have been learning, and it is not profitable. For that reason they realize that it is more beneficial to them to-day to have agreements with their employees, and better conditions exist and it is more profitable to all concerned; no question about that.

Q. You say you have no agreements between the stonecutters' union and the employers?—A. We have not. The granite cutters have no agreement with the employers, and have not had, because the employers in our particular craft are not organized.

Q. Your arrangements, then, are made individually?—A. We have no agreement; they are made individually.

Q. And the agreement usually covers the season; or is there a season?—A. No; we cover the year.

Q. For the year?—A. It has been going on. We have not had any kick coming from the employers for the last 8 or 9 years. It has been going along, with some interruptions, at the rate of 50 cents an hour for 8 hours' work.

Q. What was it when you worked 10 hours?—A. About \$2.75 a day.

Q. Your wages are pretty nearly double what they were under the 10-hour day?—A. There is no question about that. Wages do not make so much difference if the trade is thoroughly organized. All the employers have to pay the same wages.

Q. I wanted to get around to that—what measures you used to protect your employers after they acceded to your demand?—A. We protect them in this way by thorough organization, all paying the same rate of wages.

Q. Is your trade in affiliation with any other branch of the building trades except through the American Federation of Labor?—A. We are affiliated with the Board of Delegates of Building Trades.

Q. That brings you together?—A. It brings all the building trades practically together. We are affiliated with the Central Federated Union of the City of New York. That brings us in touch with all the building trades and others.

Q. Does that board of delegates answer the same as the National Building Trades Council?—A. Yes; it is an executive body. It meets three times a week—Monday, Wednesday, and Friday afternoon at 3 o'clock—and all business is done and we have a regular system there.

Q. Now, is there any agreement between that board of delegates and the employers?—A. No agreement except with the affiliated organization. I think nearly all have an agreement with their employers—a yearly agreement—that is, covering the working rules and the wages, and also a clause for the adjustment, perhaps, of disputes.

Q. What is the name of the organization representing the employers?—A. There are the United Building Trades and the Mason Builders' Association. The Mason Builders' Association comprise general contractors and subcontractors. They generally do the mason work; they sublet the ironwork and stonework and plastering to the members of the United Building Trades.

Q. Between that organization you have named and your board of delegates there are agreements regulating certain trade matters?—A. No; only between the individual organizations on both sides, of the employers and employees, in

certain industries, not generally with the United Council of Building Trades (United Building Trades; that is, the employers' association).

Q. Have you any opinion to express on the question of arbitration as a means of settlement of disputes between employers and employed?—A. Yes; in the Board of Delegates of the Building Trades we all realize, I guess, on both sides, that the sympathetic strike is a hardship both on the employees and the employers. Tie up some of the buildings in the city of New York, and generally when there is a tie up there it is certainly a general and complete stoppage of work.

Q. I asked you in relation to the question of arbitration and not as to the question of strikes.—A. I am leading up to that. I would like to explain it in my own way. I know what you mean and am trying to get at it. That was heretofore the way it was in the city of New York. Now, we did have an understanding to meet with the employers and we agreed practically on a proposition; that is, our committees agreed, and we went back to the board of delegates and reported, and it was submitted to a referendum vote, and the unions unanimously decided in favor of arbitration—that is, as a settlement of disputes in one way. We submitted a plan of arbitration to them, providing that the individual organizations should meet their employers and should perfect a set of working rules with a clause as to the adjustment of disputes in that particular craft in that particular industry. In the event of their failure to agree, then there was to be a general board of appeal composed of representatives of the building trades, the Board of Delegates of the Building Trades and the United Building Trades and the Mason Builders' Association. That was to do away with the general sympathetic strike and settle all disputes. But the employers, after we had gone to the trouble of having it indorsed by the organizations, simply said that they wanted to strike out the words "the board of delegates" and insert "individual members of organizations." We discussed that for a long time and came to the conclusion that it was none of their business whom we selected as our arbitrators, and it was an interference on their part; but still in the interest of harmony we agreed to it, and we sent a counter proposition back that none of their members that were delegates to the United Council or Mason Builders' Association should be members of the arbitration board. We never heard from that. They never accepted or even communicated with us in reference to it.

Q. Then your board of delegates is on record as being in favor of the principle of arbitration in the settlement of disputes between employee and employer?—A. Certainly. Now, their system has been this, which, in my opinion, is decidedly unfair. They adopted this system of going to the individual organizations and asking the individual organizations to sign an agreement with them, similar to that of the bricklayers, that they would not take part in any sympathetic strike. We discussed that matter in the board of delegates and came to the conclusion we would have nothing to do with such a proposition as that, because we saw what they were after. They would like to get the strongest trades tied up with an individual agreement not to take part in strikes, which would mean their withdrawal from the central organization, and then make a general onslaught on the others and wipe them out of existence. They are not scrupulous in violating agreements; we have found that out by experience. Mr. Leo states that the employers violated their agreement because they thought they would take time by the forelock, and locked all these men out, and when we appealed to the mason builders to compel them to live up to their agreement they said, "Well, we have nothing to do with it."

Q. Do you believe in compulsory arbitration?—A. Positively no.

Q. Suppose one side or the other refuses to arbitrate?—A. If one side or the other refuses to arbitrate I would say go on and fight it out.

Q. You think that would be better than to have some attempt at conciliation by State law?—A. I am not objecting to conciliation, but from the conciliation boards that I have seen I do not know that I am favorably impressed with them.

Q. Do you think there would be any objection to a State law that would compel employer and employed to submit the matter that is in dispute to a board, constituted in a proper way, before the workmen should strike or the employer lock out the hands?—A. Certainly, I am opposed to any law of that kind.

Q. Why?—A. Simply because there should not be any law in this country to compel me to leave my employment, to change my employment or business, and certainly if a law of that kind be enacted and it is followed, I would be compelled to work for that man; I could not even change my occupation; and they could put me in prison.

Q. Reverse the thing: Suppose it was in your favor and against the interests of the employer?—A. Suppose it was, it might be all right in that particular case. But generally in cases of that kind I notice they get the best of it; they have men on the board.

Q. Suppose there was one man representing him and one you, and a judge of a court?—A. A judge of a court. They are generally interested in labor matters, and they generally knock out a labor law. We have very little confidence in the courts at the present time; at least I for one have; and I have good reason for it.

Q. How would you apply the principle of arbitration, then?—A. I would apply the principle of arbitration in this way, that is, I believe that the employers have at last realized, as I said before, that they have got to do business with trade unions if they want to carry on their business.

Q. What effect does the influx of immigration have on your business?—A. The influx of immigration makes it quite difficult in our city, and we ought to have laws restricting it. We have a certain element coming in that ought to be investigated more closely.

Q. How far would you go in your restriction of immigration?—A. That is a hard problem to solve, although we have discussed it many, many times. I do not believe that the European cities should be allowed to open their poorhouses and prisons and dump the scum of Europe on the people here.

Q. Supposing they send over a lot of skilled stoneworkers?—A. When a skilled stoneworker comes over here we meet him all right. He is generally a trade-unionist over there, and he is here.

Q. Would not enough come to overstock the market here?—A. No; if they did it would increase the demand over there and they would go back over there.

Q. Do you think that is a fact?—A. Yes; we have never found a surplus of labor.

Q. Explain a little more fully your idea of the restriction of immigration, because that is one of the special interests we are here to investigate.—A. I believe that is one of the restrictions. We have no objection to honest people coming here to earn a living, but we do object to having indigent people brought here.

Q. You know some of the difficulties of establishing the fact that they are brought here?—A. Yes; if the United States Government took proper steps in the investigation much could be accomplished. At the present time, when they get 3,000 or 4,000 immigrants down in the Barge Office in the city of New York, they get rid of them as fast as possible. If one is held up by the immigration department the steamship company does not want to take him back, and their counsel comes in and fights the case; then maybe the Italian consul comes in and fights the case; an appeal is taken, and it is a practical hardship on the people that are entering the protest. It takes such a length of time to dispose of the question. That system could be simplified. I suggest that agents be sent on the vessel coming here, placed in the pen with them, to find out what these people are—find out on the other side; make them make application to the American consul; have some representative in certain locations to investigate the class of people they are. The padrone system is one of the evils that exists in connection with the immigration question.

Q. Do you not think the trades council could very materially assist the Government in that sort of an investigation?—A. If they put practical representatives of labor in the bureau there is no question they could assist them.

Q. Do you not think if you saw a lot of men getting off the vessel and could see the palms of their hands you could tell whether they were stonecutters?—A. Yes; I have corralled lots of them. In the time of the strike the employers try to get them to help them out.

Q. That is a case where you were not hurt particularly by the importation of skilled labor?—A. It did not hurt us because they did not get the class they wanted, and the class they got they did not want.

Q. Of course you recognized the difficulty of dealing with this subject of immigration?—A. It could be improved upon.

Q. We all agree on that, but the point is to get some practical suggestion as to dealing with it?—A. The United States immigration commission sent out an immigration committee, I think it was, and it appeared in New York. I suggested that they subpoena the Italian bankers. They use their offices for employment bureaus; but at that time they all swore that none of them did. Senator Hill asked me if I could prove that they did. I said yes, by getting one of them arrested. That is all they said. They intended to come back and they asked me to go ahead. I went down and hired stonecutters from every one of them, to put on some work in Norwich, Conn. We had them arrested and it took me 3 months to prosecute them, and it cost our organization about \$300 or \$400 counsel fees. The city refused to come in as did also the district attorney. We got them convicted after a long time; but they were lying. Their system has been simply this: If they want 2 or 3 or 500 Italians on the railroads they bring them out and send them in blocks of 5—5 to this Italian banker and 5 to that; and they will come off the vessel with their grips on their shoulders and will be sent by the banker to

some public works or to railroad to work. And on their grip will be the word "Inspected." If they had "Imported" it would be much better. They should put that on at the Barge Office. These men never see a cent of money; I have investigated that thoroughly. They put them in little huts, and they have to buy all the necessities of life from the padrone. He pays the contractor so much for the privilege of furnishing them their labor. After they have been here for a year they are still in debt to the padrone. That is the system that exists on some of the public works of this country.

Q. What would be your opinion of a head tax on immigrants as a means of restriction—so much per head?—A. On the steamship companies?

Q. Anybody; whoever brought them in.—A. I believe a small head tax, while it would not prevent them coming here, would be beneficial, and pay some of the expense of getting a better system in force.

Q. A head tax sufficient to keep out the pauper and assisted immigrant?—A. Yes; a head tax would pay the expense of having a more efficient force to investigate, to more thoroughly investigate matters.

Q. That part of it I do not care about, I am talking now about the question of the restriction of immigration. Have you given any thought to the head tax as a means of restriction?—A. No, I have not; but I believe that if the people of Europe desire to get rid of an undesirable element they would advance the head tax.

Q. Four hundred and fifty thousand immigrants came into this country last year. If there was a head tax of \$10, would any foreign Government pay \$4,500,000 to bring those men over here?—A. No.

Q. This commission is required to recommend to Congress and to the State legislatures legislation or suggestions for legislation covering industrial subjects for the benefit of working men and other classes of people; have you any suggestions along that line which you care to make as to any laws you think would be beneficial?—A. No; except that I think a more efficient force would be an advantage; if we had agents on the other side, not to be known as such, but in a detective capacity, to ferret out the system and the undesirable immigrants before they come, and compel them to stop or compel them at least to apply to certain officers on the other side so they could be investigated before they came here, the effect would be beneficial.

Q. (By Mr. FARQUHAR.) You have an 8-hour law in New York State?—A. Yes.

Q. That applies to all public employment?—A. Yes; a mandatory 8-hour law.

Q. Have you State laws concerning wages on public works?—A. Yes; we have a law with reference to the prevailing rates of wages. The law reads that State and municipal corporations, contractors, or subcontractors shall pay the prevailing rates of wages paid in the locality where the work is to be performed. That compels them to pay the going rate of wages. We find it to be very effective, and the United States Government could not do better than to pass a similar law—that is, take a contractor that goes to a city like New York, or goes to any other city, the Government should see that he pays the rate of wages that is the prevailing rate there in the different trades. When you have a contractor on Ellis Island, near the city of New York, erecting the new barge office of the immigration bureau, who gets the cheapest class of labor; brings negro bricklayers from the South and puts them on that work because he can get them cheaper, we think that is an eyesore, not only to the trades unions, but to the Government. He ought to be compelled to pay the regular rates of wages. We find the law very efficient in the State of New York. The mandatory 8-hour law works well. The superintendent of public works in the city of New York says he would not care to go back to the old system again; that he thinks the work is done much better under the conditions that exist. The conditions that exist under the law as it is now are much better all along in his work.

Q. In the erection of Government buildings all over the country have your locals any trouble with respect to the wage scale with contractors?—A. We had some trouble with the wage scale on the Chicago post-office.

Q. You may explain that.—A. We decided the contractors had to pay the rate of wages paid in Chicago. We gave them 3 years' notice, and we had some contention that involved the contractors to a certain extent in different sections of the country. The matter was settled, but there was not much progress made on the building until the settlement was reached. And while the people in Chicago made a big protest about slow progress being made I believe they realize the position taken by our organization and uphold it.

Q. You would like to have a national law that would cover cases of that kind; that they should pay the prevailing rate of wages in the localities?—A. I do believe it is a good law, and it stops a man from importing cheap labor. If he is a

general contractor and has men employed elsewhere and he desires to bring his labor in, there is no objection, providing he pays them the regular rate of wages.

Q. And they carry a national or international card?—A. There is no question about that, I guess. The law in New York says the contractor shall pay the prevailing rate of wages paid in the locality where the material is situated, worked, or used in its final or completed state. That means where the structure is to be erected. In the State of New York, no matter where they do the work, they have to pay the wages paid there. That prevents people who used to evade the law from doing so. Suppose a man went to an isolated district where there was no prevailing rate of wages and started to manufacture stone, he would establish his own rate of wages. Therefore we amended the law in 1899, and the governor thought it was a good idea. He thinks the State should be model employers, pay the highest rate of wages, and give the best conditions.

Q. Are you a member of the Workingmen's Federation of the State of New York?—A. Yes; I have been a member of it ever since it came into existence.

Q. What benefit has that been to the organized labor of New York?—A. It has been of much benefit in securing better conditions and in enforcing and in securing favorable legislation, and also in aiding organizations when they become involved in difficulties, financial or otherwise.

Q. How is that organization made up?—A. There is a representation from organizations throughout the entire State of New York. It was formerly the old workingmen's assembly of the State of New York, which was in existence for 31 years. It and the State branch of the American Federation of Labor both met in joint convention and amalgamated, and it is now known as the Workingmen's Federation.

Q. Has this body the chief care of legislation in the State of New York?—A. They have an executive board that looks after the interests of labor before the legislature. They generally take up nothing but measures of a general nature.

Q. Have you anybody like a delegate body in the city of New York that goes to Albany in behalf of legislation?—A. Yes; on all important measures, the central body, as a general thing, sends delegates. We have no legislative committee except in the central organization. If a union in this city knows of matters coming up, it must be referred to the whole, and the legislative committee examines all the measures very carefully. If they think it is a good thing and all right or a bad thing, they report to the body with their recommendation for or against it, whichever they believe to be the proper course to pursue. In matters of that kind they always send a representative to attend the hearings before the legislature.

Q. Do you know what position the Workingmen's Federation of the State of New York takes as to the consolidation of the bureaus in New York, the board of conciliation and the labor commission?—A. No; they have not taken any that I know of. The governor's message did recommend the consolidation of the labor bureaus; that is, the factory inspection department, the State bureau of mediation and arbitration, and the bureau of labor statistics. As yet I do not know of any organization that has taken any action in the matter at the present time.

Q. You are a member now of the commission investigating tenement houses in New York?—A. Yes.

Q. When will your report be ready for the legislature?—A. We expect to have it ready this month. We are working very hard on it.

Q. (By Mr. KENNEDY.) The commission appointed by Governor Roosevelt?—A. Yes; I was one of the appointees. We have been working very hard for the last 10 months. It is only an honorary position in the State.

Q. You give your time for nothing?—A. We are satisfied; it is in the interest of humanity; most labor representatives are working half the time for nothing.

Q. (By Mr. FARQUHAR.) You might as well state, if you so desire, what changes and modifications you intend to propose to the coming legislature.—A. They are not agreed on by the commission, but I will give you a copy. I will send the commission a copy of our report after it is submitted. Of course we find the conditions in the tenement houses in the city of New York not as they should be, and the commission certainly will recommend changes that we believe to be feasible.

Q. Are you going to recommend the enlargement of the force of inspectors in the health department for sanitation?—A. That has not been decided on practically. We will certainly recommend laws that will have to be enforced.

Q. Has your investigation been more along the line of reform in building?—A. Yes.

Q. And in ventilation and sanitation generally?—A. The air, the light, ventilation, and mode of construction. The new law will certainly cover all those points.

Q. Have you any recommendations as to the abolition of really imperfect buildings?—A. The board of health has that power at the present time. Our recom-

mendations will be for general legislation all along the line. Some of the findings of the commission we have practically agreed upon, but the report is subject to change up to the present time. It would be quite interesting to go into the detailed results of some of our investigations, but I would rather submit a copy to the commission as soon as we get our report, and it would be quite interesting, as it will give the results of our investigations.

Q. Has there been any agitation lately as to the amendment of the present mechanics' lien law of the State?—A. We did go before the legislature and ask for the regulation of speculative builders. We recognize that we could not get the mechanics' lien to take prior claim over a mortgage, and I realize that if we did the people would be somewhat skeptical about loaning money on mortgages, and the cure would be as bad as the condition; so we tried to get a measure through that the money lenders should at least, before loaning the money, ascertain whether there were any claims against the property by making the man submit his receipts, so they could not simply go to their office and not care who got paid. We tried to get something of that nature, but we were not successful. I believe a man lending money on a building, especially one under construction, and loaning the money at so much at each stage, ought to at least investigate to see if the claims were paid before advancing large sums of money.

Q. (By Mr. LITCHMAN.) That would amount practically to making the mechanics' lien the first lien on the building.—A. We realized we could not do that and did not put it that way; but many of the contractors and the parties loaning money stand in together, and they wipe out the indebtedness of the men furnishing material and labor—wipe it out entirely. I claim they are unscrupulous; they are worse than highwaymen. A man comes and says, "Stand and deliver," and he gets 20 years in jail; a man gets your money in this way, and it is all right. He can go on the next building and do the same thing. That is not fair.

Q. (By Mr. FARQUHAR.) You have some agitation in the State of New York of employers' liability. What position do you take on that?—A. We take the position that we are entitled to a fair employers' liability bill, and we propose to have it or know the reason why. We did succeed in getting an employers' liability bill passed through the senate and in getting enough votes in the assembly, on motion to discharge the committee, to pass the bill; but it took a two-thirds vote to discharge the committee on rules, and we did not get it. That is our preferred labor measure this year—the employers' liability bill.

Q. How many bills are there covering the ground?—A. Only one.

Q. Are you all agreed on one?—A. All agreed on one, and have been for several years. The judiciary committee of the senate has accepted it and expressed the thought that we were fair. Governor Roosevelt told me we had made every honorable concession that ought to be made, and he would sign the bill 5 minutes after it came to him if he could get it at all. But they would not give it to him. The railroad corporations had too many irons in the fire to get it out. All we ask is to leave the question of fact for a jury to decide. For instance, under the law of the State of New York the employee practically assumes the risk if he is injured through the negligence of a "coemployee." That expression covers about everything on top of God's earth. If a man was working on the Empire State express as brakeman or conductor, and he threw the switch at Poughkeepsie and the train was to run into the river or onto the rocks, all the passengers could sue and recover damages against the company; but the employees on the train, that had nothing to do with the switch, could not recover. That is the fact. The case would be thrown out of court. Why should not they be entitled to the same consideration?

Q. (By Mr. LITCHMAN.) Does this law fix a maximum sum to be recovered in case of death?—A. No; we can not do that. We knocked that out in the constitution of the State. We got tired of that. And that is the way we tackled the convict-labor question, too. That is another question I would bring to your attention. We are handicapped in the State of New York. We are securing very favorable measures there. The product of convict labor can not be put on the open market; it is utilized by the political subdivisions of the State. The convicts can not be farmed out or hired out to anybody. But the product of convict labor from other States can come in. We have stopped the manufacture in our State from going into the open market, but the product of other States can come in; and there is where we are handicapped. We tried to prevent that by securing a branding law that all products of convict labor should be branded when coming into New York, with heavy damages when the law was not complied with. We claim these goods are sold under false pretenses; that no one would wear clothes or shoes if he knew they were the product of convict labor. But the prison representatives claim that the people buy them because they are cheaper. We say, "We are satisfied; put a brand on them." The legislature

passed a law branding convict goods; but they took a test case on an isolated section into the court, and they knocked it into a cocked hat.

Q. (By Mr. KENNEDY.) The Industrial Commission has recommended legislation covering that point.—A. That is a step in the right direction, and when that passes we will try to secure further legislation. That would practically legalize our other legislation. That would have legalized it, and it would not have been unconstitutional.

Q. The question is to get somebody to introduce such a bill into Congress and have the labor organizations all through the country get it through Congress?—A. Yes; it is quite a difficult thing to try to harmonize the interests of the States. With a national law to cover all the States, we would attend to the rest in our State.

Q. (By Mr. FARQUHAR.) I would like to make plain just one thing that has been discussed this afternoon, and that is in respect to arbitration. Do you or do you not believe the proper arbitration is in the trades themselves, between the employees and the employer mutually?—A. There is no question in my mind that that is the only system to adopt. There are not prisons enough in the United States to hold the trades unionists if they should try to adopt any other system of compulsory arbitration and compel them to stick to one employer whether they like him or not and not to change their employment.

Q. Would not the fact of compulsory arbitration (so called) very often amount to confiscation on the part of either the employee or employer?—A. There is no doubt it would.

Q. (By Mr. LITCHMAN.) You are applying your reasonings to trades unions rather than general lines of industry?—A. Yes.

Q. Now, take it as applied to the line of transportation, for instance, where there is really only one employer; should not the great good of the public at large prevent a cessation of travel on the one hand or a lockout on the other hand; should there not be some means of forcing a consideration of the dispute?—A. Yes.

Q. That differs a little bit from the trades union?—A. Not a bit. The Government gives the railroad company certain franchises and lets them do "as they darn please," and then they want to force compulsory arbitration on the employees.

Q. You are entirely mistaken. The very name of arbitration implies that both sides shall engage in it. But it is frequently the case that the employer absolutely refuses to listen to the men, while they are perfectly willing to arbitrate. Now, in a case of that sort, should there not be a national power to compel the employer to listen to the grievances of the men?—A. In cases where men or companies act that way and hold public franchises, the State or nation ought to take the franchises away from them. That would bring them to their senses.

Q. That is impracticable.—A. No; if a government has the power of granting franchises, it could certainly take them away.

Q. There has been a matter of education so far as the matter of transportation on lines of steam railway is concerned; but on lines of street railway, where the great mass of the people at large suffer by reason of the refusal of the street railroad companies to submit grievances presented by the men to some consideration—why, in such cases, should not the State step in and say to that corporation, "You shall listen at least to the complaint of your men." What harm would there be in an arbitration law of that kind?—A. Where it would be compulsory by law there would be considerable harm in it. There might be no harm if the decision was one way, but there would be harm if it was the other way. We have a law in the State of New York, we have a board of mediation and arbitration whose powers are these: They have the right to summon any individual before them and ask him questions and compel him to answer; they have the right to call the members of the trades unions before them and to give the public to understand who is at fault. But that is all the power they have, and that is as far as the United States Government should go. I believe public sentiment in matters of that kind can bring certain individuals down off their high horses and teach them something; but when you say it should be compulsory arbitration on a street railroad, for instance, between the employees and the company, the companies are generally looking for the best end of the deal at all times—generally looking for the best end of it, and they would be even if there was a judge of the Supreme Court on the board. In that case they would be looking for the judge, so that they would have the arbitration question all one-sided. The corporations are now looking for the judges, and if any question of that kind became a law, they would be looking for them more than now. And if the men desired not to go back to work, but to give up that employment and seek employment elsewhere; if they got enough of railroading under conditions bad enough before; and if the board of arbitration decided against them and worse conditions were about to exist, the court might say, "No; you must go back to work."

Q. Compulsory arbitration does not presuppose any such condition.—A. That is what would exist under it.

Q. Supposing arbitration resulted in this—that the matters in dispute were fairly considered, which is what the workmen demand in most cases, and the board of arbitration decided that the employees were right in their contention, that would not compel the men to go to work, and it would not compel the manufacturer to continue business.—A. Would you not have to have a law binding on both sides?

Q. Certainly; and on one as well as the other.—A. If it was binding on both and they find the employees are wrong, would they not have to return to work?

Q. Not necessarily.—A. They would have to; they could compel them to.

Q. I did not not say anything about compulsion. Assuming that arbitration did not act that way and simply decided the matter in dispute, would it not be better than to put the great public at large to the disadvantage of the loss of transportation through a disputed strike or lockout?—A. I do not believe that there is any necessity for compulsory arbitration. I am opposed to it on the ground that the employees and employers are now getting together on a better system by mutual agreements to arbitrate disputes; and when you compel a man to do anything there is not going to be any good results coming from it. If the railroad companies and others fail to do business, let them meet their employees halfway and come to a mutual understanding, and all friction will be avoided.

Q. But if they refuse absolutely to do that, and it is a case where the public at large are suffering by reason of the refusal, why may not the public come in and say, "You must get together and find out what the difficulty is?"—A. That would be only another name for compulsory arbitration.

Q. Do you draw any distinction between an inquiry into the matters in dispute and the compulsory enforcement of the award of a board of arbitrators?—A. Certainly, I do draw a distinction. In the State of New York we have the right to inquire into a strike and have the power to summon witnesses and call for papers, and they have the right to inquire into it and state, in their opinion, which side is wrong.

Q. Do you object to that?—A. No.

Q. Would you object to that as a national law?—A. No.

Q. That is all I asked you about; that is compulsory arbitration.—A. I did not understand you, then.

Q. Exactly; I want to get myself or you out of that dilemma.—A. Are we both out of it now?

Q. I think we are.

The WITNESS: I understand. I believe that when a street railroad company or any other railroad or other employer refuses to come together with his employees mutually, but stands in the position that he does not care a rap for the public or anybody else, I believe there ought to be a law passed to authorize the State to take the franchise away. That would bring them to terms. Under a mutual understanding the employees and employers could agree together. I never knew a labor organization to refuse to come together with employers mutually and agree to arbitrate a disputed point; I have never known them to refuse to live up to an agreement; but if you tell them they must arbitrate a question and you pass a law to that effect, I do not think you would have enough prisons in the United States to hold them.

Q. (By Mr. KENNEDY.) I take it you agree with Mr. Carroll D. Wright that if there is any compulsion about the settlement of disputes between employers and employees it is not arbitration.—A. It is not arbitration. Arbitration must be by mutual consent, and I do not know of anything ever being accomplished by forcing people. It is a pretty hard thing to get any good results that way.

Q. (By Mr. FARQUHAR.) Under the common law of the United States do you think compulsory arbitration could be legalized in any way?—A. No; I think it would be unconstitutional.

Q. Do you think any bill of rights of the Constitution of this country would sanction compulsory arbitration?—A. I do not think it would.

Q. (By Mr. KENNEDY.) Has Mr. O'Brien been asked about the situation in Chicago?—A. I do not exactly know what the condition of affairs is. Personally, I know nothing, only what I have heard. I know we have never had any such condition in the city of New York. The employees and the employers seem to be both mixed up in some peculiar tactics, if what I hear is true.

Q. (By Mr. PHILLIPS.) Have you anything to suggest in the way of remedial laws along industrial lines, or have you been asked that question?—A. I think the commission will agree with me that it is not fair for a man to go into a State where the wages are \$3 or \$4, he coming from a district where the wages are less, and bring his employees along, and that it is an eyesore not only to the trades

unions but to the Government as well. Such a man can come if he will pay the rate of wages paid in the locality where the work is to be performed; he ought to be compelled to pay it. A regulation to that effect would stop a good many disputes. What does it cost the Government in the city of Chicago in the dispute with John Pierce, who practically said that he could get an extension of 10 years to beat the granite cutters? He told me he could do it. We held the job up over 3 years, and it was his fault. He advertised extensively all over the country for men to take our places, and I do not think he could have found them yet if he had not settled. Now, what has it cost the Government? If we had a law like the law I suggest he would have been compelled to make proper terms, but he wanted conditions different from anybody else.

Testimony closed.

WASHINGTON, D. C., February 8, 1901.

TESTIMONY OF DR. W. P. WILSON,

Director of Philadelphia Museums.

The commission met at 11.20 a. m., Mr. Farquhar presiding. At that time Dr W. P. Wilson was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) You may give your full name and residence and your position with the Philadelphia Museums.—A. W. P. Wilson; residence, Philadelphia. I am director of the Philadelphia Museums.

Q. You have some paper that you desire to submit to the commission?—A. I have a very short paper, and then a little discussion with some materials.

Q. The commission would be pleased to hear your paper now.—A. (Reading.) The question of supreme importance to the commercial interests of the United States to-day is how our export trade may best be fostered, since the development of a market for our surplus production, both in natural products and manufactured goods, is of vital interest to the country's continued prosperity.

Other gentlemen who have testified before this commission have shown you in detailed figures, which I shall, therefore, not repeat, that the period of manufacturing activity which has prevailed in the United States for the last 5 years is without a parallel in the commercial history of the world.

The reasons for this activity, in some respects quite obvious, in others not so clearly evident, are interesting. When the panic of 1893 broke upon the country it came at a time when the development of domestic resources and enterprises was being pushed with intense effort.

Capital, always quick to take alarm, could not be secured for the continuance of enterprises, great or small, and there was an immediate cessation of constructive work. The building and betterment of railroads stopped, and projected improvements all over the land were perforce abandoned. In consequence steel mills and foundries, factories and machine shops were compelled to close their doors, thus depriving scores of thousands of a means of livelihood.

Merchants kept their purchases of additional stock to the lowest possible limit. Savings were soon exhausted, and accumulations of manufactured goods speedily disappeared.

The causes leading up to the panic, and those which happily restored confidence 3 years later it is unnecessary to discuss. The essential fact is that the restoration of confidence caused capital to flow again into all its accustomed channels. The situation was abnormal. Compelled to exercise the most rigid economy during the panic, the country, when it was over, found an enormous accumulation of necessary work awaiting the attention of the manufacturer.

From the Pacific to the Atlantic every hamlet, town, and city required additional supplies, constructive work was resumed, and railroads found themselves compelled to undertake immediate betterments and to order new equipment to properly care for the traffic offered.

Every branch of industry in the land felt the stimulus. Existing factories were not sufficient to supply the demand which had been accumulating during the panic years.

Prices rose rapidly, demands continued to increase, and capital, as eager to take advantage of the opportunity as it was timorous before, rushed into the construction of new factories, content with the large present profit, and heedless of the manner in which their production should be absorbed when the existing demand should be satisfied.

Although evidences are not lacking that the demand in more than one direction has been satisfied, in general, it may be said that abnormal activity in construction, without sufficient regard to the necessary outlet, still continues. During the year just closed manufacturers' materials to the extent of \$360,000,000 were imported, an increase of 70 per cent as compared with 5 years ago. During the same year 234 new textile mills were constructed, of which 186 were located in the South, and 17 in New England. The year 1900 has also been without parallel in the number of iron and steel plants that have been built and are now being completed, while the trade publications of every manufacturing industry tell in every issue of new companies formed and of new construction begun.

It is true that the new development undertaken by reason of the cheapness of money has prolonged the demand for products, natural and manufactured, beyond that which could have been expected from the reaction of the economies of the panic years. But, without desiring in the slightest to take the rôle of an alarmist, I venture to say that had it not been for another remarkable reason the United States would already have been confronted with an economic situation almost as bad as that which existed in 1893. The reason is the phenomenal growth of our export trade, which, by relieving the home market, has enabled our industrial activity to continue unabated. In the development of this export trade lies our commercial safety.

When it is remembered that our exports of all products 5 years ago were but \$798,000,000, and our exports of manufactured goods \$183,000,000, while during the past year our total exportations reached \$1,478,000,000, with manufactured goods forming \$425,000,000 of this total, the enormous part played by our export trade in maintaining prosperity at home will be appreciated. In round numbers, during the last 5 years foreign markets have absorbed \$2,245,000,000 worth of goods more than they would have done had the rate of export existing in 1895 remained stationary. When it is further remembered that of this enormous increase \$642,000,000 represented the increase in the sales abroad of the products of our factories, the soundness of the assertion that it is only this foreign trade which has prevented collapse at home will be admitted.

The importance, then, of not only maintaining this rate of exportation, but of increasing it to keep pace with new construction and increased production, must be recognized. It is a problem to the solution of which all of our energies, abilities, and natural advantages must be devoted.

We are entering upon a century which will witness an economic struggle among nations for commercial existence. Those insufficiently equipped or which do not intelligently make use of the advantages they possess must go to the wall.

In spite of the supremacy of this nation over all others in the amount of its total exports, it still remains in the third place in its export of manufactures, and even in 1898 was exceeded in this respect by France, as it is now by Great Britain and Germany. Each one of these great commercial nations, with others of the second class and Russia looming up in the background with potent and threatening possibilities, realizes that its commercial salvation depends upon its securing a substantial share of the world's trade.

The United States, better equipped perhaps for the struggle, is as much as any interested in the outcome. It is not a fight to be won without effort, or competition to be treated with complacent indifference.

Enormous as was the increase in our trade last year, Great Britain's percentage was greater. That country and Germany, startled by the sudden appearance of the United States in the world's markets and astounded by the results already achieved by American producers, have sent a note of alarm to warn every commercial industrial center of these countries. Every possible effort will be made to dislodge American trade wherever it has obtained a foreign foothold and to stop its further advance.

Already German and Austrian papers are discussing a European tariff combination or *zollverein* against the products of this country, while English industrial interests have demanded that the Government must discriminate against American and in favor of English goods in their vast colonial markets. The utmost energy on the part of American producers will be required in order that these hostile measures may not be successful.

At the outset this country finds itself best equipped of any to secure and maintain commercial supremacy in the world's markets. Within its own borders alone to grow and to make its entire requirements; not dependent, as Great Britain now is and as Germany is rapidly becoming, upon outside sources for food supplies, possessing workmen of exceptional average intelligence, and endowed with inexhaustible natural resources, its surpassing preparation is evident.

One essential factor, however, is lacking, which our foreign competitors possess in an eminent degree; that is a sufficiently thorough recognition of the foreign

market's value; where it exists; how to enter it most effectively, and to develop it to the country's greatest advantage. This may be said with no derogation of the American producer's intelligence. Up to within comparatively few years he has been entirely absorbed in caring for the demands of the home market, while his foreign competitors have for generations made the subject of export trade a scientific study. They have established commercial schools, technical institutions, and utilized Government assistance in every possible way solely with an eye single to the development of the export trade.

In this country, with the necessity for supplying ourselves with essential information urging itself upon us, we find our equipment in this respect deficient. Although many of our consuls are doing magnificent work in calling the attention of American manufacturers to trade opportunities abroad, and in explaining to them the conditions which exist and the methods which must be followed, the Commercial Museum at Philadelphia, of which I have the honor to be director, is the only existing institution which, operating on unselfish and patriotic lines, has been created with national and international scope for the sole purpose of fostering American commerce.

Since the Commercial Museum is conducted without any thought or possibility of profit, and since its effectiveness in accomplishing the object for which it was created has been recognized not only by American manufacturers themselves, but by foreign governments which are modeling similar institutions upon its lines, an explanation of the exact service rendered may be considered of value.

While we are proud of the fact that its practical accomplishments in behalf of the expansion of American trade have been such that President McKinley felt warranted in referring to them in terms of praise in his last annual message to Congress, the daily expressions of appreciation from American manufacturers, who, by means of the museum, have been able to develop foreign markets, hitherto unknown to them, are no less gratifying.

The aim constantly before the management of the museum is to equip the producer of this country with the same information acquired by his competitors through long years devoted to the study of foreign opportunities. Brought into existence 6 years ago, at a time when the foreign demand for American goods first began to be felt, the facilities of the museum were soon taxed to the utmost in the endeavor to provide domestic manufacturers with information concerning commercial conditions abroad.

On the other hand, as the institution became known in different foreign commercial centers, the work involved in placing foreign inquirers in touch with American manufacturers became almost equally pressing. It was found necessary to enlarge the museum's scope. An organization assuring its absolutely impartial character had already been affected through its official existence being recognized by an ordinance of the Philadelphia city councils, and the selection of a board of trustees, drawn from men eminent in public and business life.

With generous appreciation of the good that might be accomplished for the commercial interests of the country, the Philadelphia councils have provided regular appropriations to carry on the museum's work, while the manufacturers of the country have also rendered material financial assistance, and the General Government has shown its recognition of the museum's national character in the same way.

Through these several resources it has been possible to accomplish much, but much remains yet which might be done by the museum in behalf of the American manufacturer and American commerce in general, which must be deferred until its resources are adequate to the demands made.

Briefly, it points out to the manufacturer wherever in any part of the world a market may exist for his products; gives him detailed information regarding the requirements of those markets and the conditions surrounding them; shows him what competition he must expect; what the facilities are, and the cost for transporting his goods; what methods of packing must be observed; how collections shall be made, and what local prejudices or peculiarities exist. Furthermore, it suggests to him, based upon its own investigations, the most desirable firms with which to make business connections.

Aided specifically for this purpose by Congress, it is in a position to show the manufacturer in thousands of instances a sample of the foreign competitive goods sold in export markets. That the American producer may have an adequate idea of the resources of different countries, the museum has brought together a collection unequalled of the raw products, having a commercial value, from nearly every country in the world. This collection it has been my good fortune to supplement during the Paris Exposition by splendid donations from different Governments. I would say here that I have recently shipped from Paris 200 tons of manufac-

tured material and raw products, from all countries on the face of the globe, to Philadelphia.

In order that the museum may keep in close touch with trade development in every land, it has formed an international advisory board, upon which every important foreign chamber of commerce has membership, with whose officials a constant correspondence is maintained.

Commercial experts are sent frequently to different countries in order that commercial conditions may be studied on the spot at first hand, with a view to making the information furnished American manufacturers as impartial and reliable as possible. The practical value of this system is shown in the fact that during the past year nearly 5,000 foreign business houses have applied to the museum to be placed in communication with the manufacturers of various kinds of American goods.

Another practical result arising from such close contact with foreign commercial conditions was the holding of two commercial congresses, the first in 1897, attended by delegates from Spanish-American countries, and the second in 1899, attended by delegates from all over the world. The direct consequence of these congresses, together with an exposition of American goods suitable for export, held also in the latter year, under the museum's auspices, was a marked stimulus to American export trade.

This fact was strikingly recognized in Germany, where business men are especially wide awake to the necessity for fostering foreign commerce, when the German minister of commerce, at a meeting called for the purpose of considering methods of securing more complete foreign knowledge for the benefit of German industry, stated that the ideal method would be the establishment of a national commercial museum, and that there existed no better model of all that such a commercial museum should be in the practical results achieved for the business interests of this country than the Commercial Museum at Philadelphia.

As a matter of fact, the Commercial Museum seeks to provide the intending exporter with precisely the same kind of business information which he would secure should he himself go abroad to study the opportunities for extending the market for his particular goods, a procedure which in most cases the cost renders prohibitive to individual firms.

This information, which is being constantly supplemented, is as open to the merchant in San Francisco, or any other great city, as it is to those who happen to reside in Philadelphia.

While the manufacturer, making use of the institution's facilities, is expected to pay a fee of \$100 a year, based upon the actual cost of compiling and type-writing information prepared for his especial benefit, no inquirer is ever turned away unanswered because he does not happen to have joined the regular fee-paying membership. As a matter of fact, from the broad standpoint of fostering American commerce, information is gladly furnished all comers, and a recent compilation shows that 60 per cent of the inquiries answered during last year came from business men who paid nothing for the service; while in many other instances the actual cost of collecting and preparing the information during the year exceeded the amount paid several fold.

The sole consideration is to aid in every way, with promptness and accuracy, a producer in any part of the country who may be able to enter the foreign market. Just how effective this assistance has been may be deduced from the fact that the Commercial Museum is able from its files to furnish descriptive matter regarding 120,000 leading foreign firms, covering every point on the globe where business of any importance is transacted, and from the further fact that during the past year 27,000 reports were sent to American manufacturers regarding possible trade openings abroad, while during the same period 3,224 special inquiries from American producers, and covering every conceivable subject in relation to foreign trade, were answered, not including the translation of 1,000,000 words of business correspondence, covering 16 languages, from firms throughout the country. But not to weary you I venture to submit, as appendixes, certain publications of the museum, descriptive of its work in detail.

It is, of course, impossible to estimate in dollars and cents the sum total of foreign trade which American manufacturers have secured through the museum's endeavors; but that it has been a very material sum in every case where the exporter, having a salable article, has properly followed up the information furnished him, the testimony of such manufacturers themselves goes to prove.

The experience of the Commercial Museum at Philadelphia leads unquestionably to the conclusion that there could be no more forcible factor in the development of our foreign trade, which is very necessary if the present prosperity is to be maintained, than a series of commercial museums or bureaus, located one in each of the great cities of the country and devoting themselves, perhaps, to the foster-

ing of the special interests of those localities, under the general supervision of one great parent organization, operating upon the broad national and international lines which the Commercial Museum at Philadelphia seeks to observe.

There are, of course, many other beneficial influences which may be brought to bear to foster the foreign commerce of this country; but until the time shall come when we shall have a permanent consular service, in which able men shall be retained and promoted instead of being removed about the time they become experts upon the trade requirements of different countries, and until the time shall come when the American producer will study personally foreign commercial conditions with the minuteness which characterizes his competitor across the ocean, there can be no one weapon of such value in the hands of American commerce in the great international economic struggle which has already begun than a great commercial museum properly equipped and properly utilized.

Q. (By Mr. CLARKE.) Why was your institution named a museum?—A. I might say that was rather accidental; it followed an accident. I do not know how much time you have to give to this. I have one or two important things to follow this.

Q. We will take all the time necessary.—A. At the time this institution was organized I was engaged as professor of certain lines of botany which especially went out toward the use of fibers and their commercial side in the University of Pennsylvania. By accident I had a call to go to Chicago to take charge of what they wanted to do in botany there, and I went out to the World's Fair, and while waiting and looking over the advantages that might accrue from putting together the raw products which had been brought to Chicago from all countries on the face of the globe, it looked to me as though we might aid our own manufactures from material from the different countries, if the materials from the different countries could be brought together in one place where the manufacturers could study the collection, as we import raw products for our manufactures immensely.

Mentioning that matter to some of our wideawake men in the councils, Mr. Thomas Meehan immediately proposed that the city councils of Philadelphia make an appropriation and that I go back to Chicago and lay the question of the advantage of our manufacturers before these Latin-American countries, and ask a donation of all the material they brought to Chicago.

In brief, it resulted in my bringing back about 24 carloads of materials to Philadelphia from all the Latin-American countries, and from all the other countries. There was no organization. As an immense amount of other material had been donated—some 18 countries having donated all their educational material, I then proposed that a group of museums should be established in Philadelphia like the South Kensington group in London, which is extremely extensive.

The city councils took this up and voted by ordinance the power to a board of trustees, and they named about 15 of the leading gentlemen in Philadelphia in business, without regard to politics at all, as trustees, who should be empowered to be trustees of this institution, to form a group of museums which they named without any conference with me, the Philadelphia Museums. Now that meant a commercial and economic museum, a museum of history, an ethnological museum, and a general museum. On that basis I went to work. These gentlemen held a meeting immediately, and I was appointed the director, and since that time have developed only one of these museums—the economic and commercial. I took hold of that first because I was myself interested in it, and because I saw the needs of the country and saw the possibility of getting money to develop that side.

Q. Where is your building in Philadelphia?—A. The Pennsylvania Railroad has donated the use of the buildings which they formerly occupied with about 1,400 or 1,500 clerks on Fourth street just below Walnut, to this institution ever since we first organized, taking a rental of only \$1 per year and keeping the buildings in repair. They give us a floor space of about 200,000 feet, including a hundred rooms large and small. It is entirely inadequate at the present moment for the work that is being done, and for 2 years we have been building up a plant in another part of the city; the city having donated land and \$200,000 to begin the work; the State also donating \$75,000; and if you will remember during the exposition which we held, or before that, the United States Government gave \$300,000 toward those buildings. We have already put into this plant over \$600,000—nearly \$700,000. We secured by private contributions from private individuals over \$100,000. We secured from floor space from this exposition over \$150,000 and that went into the buildings.

From the start we planned to construct the buildings for this export exposition as permanent buildings for the Commercial Museum and the other departments of this work. At the present moment we have 4 large buildings on this ground, one the power house, complete. It is to furnish power, heat, and light, costing over

\$80,000 with its equipment absolutely complete. We have 3 other buildings on each of which has been expended from \$110,000 to \$175,000. These also are permanent buildings. We are asking the State of Pennsylvania this year for \$400,000 to complete certain of these buildings. I would state that there is in the present administration of the State great sympathy with this work and strong expressions in every way in favor of making these annual appropriations for it.

Q. Notwithstanding all this large and rapid growth, it is still, then, confined to the commercial character of the subjects?—A. It is entirely confined to the commercial side, and probably will be for the present—probably will be until we find somebody who wants to donate some \$300,000 or \$400,000 to start some of the other departments.

Q. You have these samples of goods from all countries, both raw material and manufactures, displayed so that they can be readily seen by visitors?—A. Yes; we have. And that would lead me to show you something of our departments of raw products and manufactured goods as illustrated in this institution. [Here the witness exhibited samples of ramie.] I have brought just one product. It will serve as an illustration of a thousand others. It was the object in gathering these raw products to make them useful to our manufacturers, and in doing that it was necessary to make them just as full and complete as possible and have them from every country. If a manufacturer is using special lines of fibers, he does not always know that there are not other fibers which would even better serve his purpose, and he may not have investigated the matter. That leads the institution to set about an inquiry and bring together as completely as possible every different kind of raw product used by our manufacturers, or which may be used—gums, resins, tan barks, dyestuffs—every sort of thing, and the opportunities in many of these lines are extremely great, because there are probably 15 or 20 different countries in which there are immense resources, say, like Brazil, in the interior, or Venezuela, and many other countries where there has really been no investigation whatever, and where the manufacturing interests are entirely unconnected with what exists there. So it has been the object of the museums, and the management has used all the power it could get with the different countries, to induce them to send their raw products to Philadelphia to put on exhibition. There, they have been told, they would be exhibited for nothing; they would be put in the very best possible shape for exhibition; if glass was needed, put in glass cases, and every care would be taken of them to make them permanent for the use of our manufacturers. There is reciprocity in this matter, because these countries are, of course, desirous of exporting their materials into our country. We have sent out thousands of circulars to uninvestigated territories, like Latin-America and the West Indies and other foreign countries, stating that in our laboratories we would examine and test any kind of material—gums, resins, dyestuffs, fibers—anything which might be sent to us to use, returning the analysis or the result of the test to the sender on one condition, providing he would send all the data—and we outline what that data shall be—and give us samples large enough to make fine exhibits and to place before our manufacturers, if it is worth anything for their uses. That results, I find, in bales of material being sent to us—material in great quantity. We established a laboratory in the very beginning, which is manned by the very best expert technical chemists that I could find.

Q. Your service, therefore, is not wholly confined to the promotion of the export trade, but also to the development of the opportunities for our domestic manufacturers generally for the home market as well as the foreign market?—A. Our work is for the benefit of trade in every line. The export trade of our manufacturers leaves a home market for somebody who can not export, so the work we are doing opens up the greatest possible interests for the home merchant in every way. We have had numbers of different countries vote money in their respective congresses to be devoted to investigating their own products and sending them on to us. As an illustration: The State of Para, in Brazil, some time ago voted \$5,000 and put it in the hands of a proper commission to get together the raw products and the materials, gums, resins, fibers, rubbers, everything that could be brought together, to send a large collection to the commercial museums. Of course this was done for their own benefit, but it is also directly for our benefit. That collection is being prepared and will soon be shipped to us. Some 400 different collections, stimulated in this way, were sent to us last year. We have outgrown the possibility of exhibiting all this material in the buildings where we are, and that is why we are hurrying to construct the other buildings and get into them.

Q. As an illustration of what you are doing, what is this material which you have brought here?—A. I have brought just one raw product to show you how we keep up to date, so to speak, on a raw product for the use of manufacturers. This product which I have brought is ramie. It is destined to be probably one of

the most valuable fibers in existence. We exhibit the crude plant from every place where it is grown. We have it from China, from the Philippine Islands, from Japan; we have it from other Asiatic countries; we have it from Jamaica, from the West Indies, from Florida, so that if an investigation were started a test could readily be made as to the conditions, if there are any, in the different countries where it grows. We then have it in a partially prepared state [exhibiting product], as different countries have made it to place it in the markets. We have considerable of this material [exhibiting product] exactly in this shape from Mexico. In preparing it for export they have only hackled it without taking off the coarse cortex or bark. That is in striking contrast to the preparation which it receives in Japan. In that country it is prepared for export in this shape [exhibiting product].

Q. Please describe that shape so it will be on record.—A. The coarse bark has been entirely hackled away, and the fiber, without being separated into minute threads, has been stripped off in bands from the plant and then partially bleached.

Q. How long is that fiber?—A. The fiber may be almost the complete length of the plant and the plant may grow from 5 to 8 feet in height. This [exhibiting product] is another Mexican sample.

Q. Braided?—A. This is a preparation of the same fiber from China [exhibiting product].

Q. (By Mr. LITCHMAN.) Please describe it so the stenographer will be able to identify it by sample.—A. This sample from China has been evidently a less time treated after it was prepared in water and in all probability prepared from younger plants. You see the greenish tissue adheres to it.

Q. (By Mr. FARQUHAR.) Are these exhibits in the condition in which they are usually imported into America?—A. They are brought in from China in large bales.

Q. With the preliminary preparation of the fiber which you have shown here?—A. Yes. I would state that there is very little traffic so far in this fiber in this country, because there are no mills yet which are capable of handling it in the best way. I have brought along with me some of the yarns which are being made in English mills [exhibiting yarns]. You will see that it looks very much like mercerized cotton. It has a silk finish and a silky appearance.

Q. (By Mr. LITCHMAN.) It readily takes a dye?—A. It does; it takes a dye extremely readily.

Q. What is the nature of that difficulty in handling this product in this country?—A. The want of the proper machinery and the proper processes to degum the fiber. The fiber possesses, as taken from the plant, a gum which prevents the spinner from properly spinning it, and while it is a simple thing to bleach it and to degum it entirely, the processes so far discovered are too expensive—make the fiber too costly. I have here in my hands some extremely finely prepared and bleached fiber. If you see it at a little distance or even with a careful examination of the fiber, I doubt if you could hardly tell it from silk.

Q. Where was the sample prepared that you are now exhibiting?—A. This sample was prepared in Hamburg, Germany.

Q. Have foreign countries discovered any process for extracting the gum from the fiber in a commercial sense?—A. Yes; they are doing it more successfully than we are at the present time.

My object in exhibiting this raw product was to show you that the Commercial Museum aims to investigate all these questions and to secure everything that a manufacturer or anyone else would want, to study the question—not only in the first stage of the raw product, but in all the succeeding stages also and the manufactures from the different fabrics; also if there is any cloth made or anything of that kind to secure that; showing everything from the crude stage to the finished product so far as it has gone. So that it is our aim to make the Commercial Museum a place where you can do the most complete work or make the most complete study on any one of these raw products. You find the material in every stage and may find the literature connected with it also.

Q. (By Mr. FARQUHAR.) In what kind of goods is it intended to utilize this raw plant and its product?—A. In Japan where they are making considerable of it (this is a sample of the goods) it is used just as we should use cotton for ordinary garments—just as we would use pongee silk. This happens to be a little harsh in the feel, but it is because the material was perhaps not bleached as thoroughly as it might be. It could be made very soft. It is the best product to adulterate silk with.

Q. Its manufacture would come more directly in competition with cotton?—A. With cotton and silk both.

Q. As an auxiliary for the silk manufacturer?—A. Yes. I have here a sample of

paper made from it [exhibiting paper]. It is a sample which was given to us by the Hon. T. B. Neal, president of the Neal Bank, at Atlanta, Ga. All I know about it is that they are making some experiments in the South, and probably this fiber may supplant entirely linen fiber for paper; and as the plant is much larger, and you can produce much more of it to the acre here, it would be therefore a much cheaper material. It produces, as you see, a very fine and delicate paper; no doubt the finest writing paper can be produced from it.

Q. (By Mr. CLARKE.) This is a tissue paper and presents a good appearance.—A. Unfortunately I was not at home when this was brought, and I have not many particulars about it.

Q. (By Mr. A. L. HARRIS.) Before you leave this subject, I would like to make an inquiry: In what parts of the United States can ramie be grown with profit?—A. In all the subtropical parts. Ramie must be grown where there is a season long enough to bring it to maturity before there is a hard frost. It will grow nicely in the Southern States as a rule.

Q. Does it have to be planted annually?—A. It has to be planted annually.

Q. (By Mr. LITCHMAN.) Does it grow from a plant or seed?—A. It grows readily from the seed. It is a plant allied to the nettle.

Q. (By Mr. A. L. HARRIS.) How nearly does it correspond to hemp—to what is known as hemp in our Western country?—A. It is a much straighter stem, but it would not quite attain the height of extremely thrifty hemp. It is much more advantageous for fiber, probably because it does not branch as hemp does. If you remember, hemp branches very extensively, and this plant grows with very few branches. As you see, it has very fine straight stems, and my judgment would be it would be a superior plant over hemp.

Q. More profitable?—A. More profitable in its growth than hemp.

Q. (By Mr. KENNEDY.) Is it grown with profit in any part of this country yet?—A. No; I do not think it is. In Massachusetts they have a mill where they are trying all kinds of experiments, and they are beginning to succeed in working with the fiber; but the season would not be long enough to grow ramie in its best state—that is, in its large growth—in Massachusetts.

Q. (By Mr. A. L. HARRIS.) Would it be likely to supplant cotton?—A. I do not think so. The uses of ramie would probably be where fine linen would be used; and when it is properly prepared and bleached, as this sample I have shown you, it would work into fabrics that could be worn as silk is worn. I doubt if it would come in competition at all with cotton.

We have many manufacturers come to us, and in looking over the fibers or the different things we have in certain lines, they have found in certain instances something much better than they were using, and through our bureau we were able to show them how to get it and put them into proper communication. That runs into timber and all sorts of materials.

On the other side, we have made a great study of manufactured products. Before we had many manufactured products in stock we were constantly making reports for manufacturers, and if I show you some of these reports it will show you how we get together the manufactured products which we now have and how we did get them together. Of course they become inadequate and are retired constantly. Last year we made 27,303 reports such as I am going to pass to you to look at. Some 27,000 reports were made to manufacturers on the possibilities of export trade. Many of these were illustrated with photographs. For instance, here is one on the foreign market for shovels, and here is an illustration of 20 or 30 shovels such as could be put on the market in certain places. This is a complete description for the manufacturer.

Here is another report: "German, French, and English goods in the foreign market." This is made on several lines of goods.

Here is another on ready-made clothing in Brazil, showing the kind of cloth they are using and the prices they are getting, and all that sort of thing.

Q. (By Mr. CLARKE.) Take this shovel circular. Will not you read the description of one class of shovels there for the record?—A. This is the second report evidently made of this kind. (Reading.) Referring to our former report on shovels in foreign markets, we beg to call your attention to inclosed photographs of German and English shovels which find ready sale in various export markets. These are shipped to South Africa and to Argentine and South American ports, and shipped to a limited extent to China. The following is a description of the sizes and prices of the goods represented. For example, here is one made in England and sold in the Australian markets. It is a four-tine fork with a common handle, the length of the tines being 19½ inches and the width of fork 8½ inches. At the manufacturer's price it sells for 16 shillings, or \$4, a dozen, while the retail price is 48 shillings, or \$12. C. T. Skelton & Co., Sheffield, England, are the manufacturers.

You see these reports are designed to go sufficiently into the minutiae with the photographs so that the manufacturer can make the exact goods if he wishes.

Q. How many other shovels and forks are described in the circular you have in your hands?—A. This is only a short circular. There are 8 shovels and forks minutely described in this circular.

Q. Is that circular furnished to all the shovel manufacturers in the United States?—A. This circular or this report and the previous one were probably drawn up on the inquiry of some particular firm. After this inquiry had been made and this report had been sent out, the name of the report is recorded in the weekly bulletin, of which we distribute thousands to manufacturers over the United States, each report being under a number with its title; and any manufacturer in the United States seeing this—and these are often quoted in the manufacturers' journals—and sending for that report, would receive it. So that while it is made for some particular firm, at a later date, when it appears in the circular, it would be possible for anyone interested in shovels to get it. Later I shall speak of this report, which we publish by the week, and which includes all the foreign inquiries which we get and also the details of the different reports which we make and send out to manufacturers (submitting report for inspection). These reports which we make are sometimes very elaborate, and sometimes they are very brief.

I hold in my hands a report which was called for by one of the locomotive builders in this country, and which gives a complete description by photographs and then later by actual measurements of the parts of the locomotives being built in England for New South Wales. That report has gone probably to every locomotive builder in the United States.

Here is another one on the exportation of carriage parts into Indo-China, and here are photographs of the carriages which are now going into that country and are made by other countries than the United States.

I have here another report with a series of drawings complete enough for the construction of the carriers' express wagons sold in Australia. The working drawings are given in this report. To change the subject slightly, I have a report on the excavating pumps used at Havre, France, in taking care of sewage. Here is another on the ink market in Germany, and still another on Holland's market for pianos; another one on confectionery in Jamaica; another on the stove market in Brazil.

These were taken out of our files at random. We keep copies of every report we send, for we often have to reproduce them for manufacturers who call for them. There are other reports here, but my object is simply to illustrate the method of our work. I repeat that we have distributed 27,203 of these reports during the past year.

Q. Is the demand for them increasing?—A. Our work has been steadily increasing from the first, each year. It is very difficult to make the work of such an institution known—to let people know that such work exists and that it is at their service.

Q. (By Mr. LITCHMAN.) Is there any charge to the merchants of the United States for the information furnished?—A. We have made a nominal charge of \$100 a year to any firm which desires to have us watch all their interests abroad and give them reports without the asking, and in every case communicate to them anything we may find in the extensive literature or papers that may come to us. We have found that as a rule we do anywhere from \$100 to \$200 worth of type-writing reports, for any firm that uses us, before the year is through, and that the balance of the actual labor of compiling these reports and putting them in their hands, to say nothing of the expense of replying to questions which they are likely to ask, leaves a balance against us for the mechanical work during the year.

Q. There are some contributions, then, from that source in addition to the city and State appropriations that sustain the museum?—A. I would state that our income from manufacturers during 1899 was \$50,000, and during 1900 over \$60,000.

Q. Indicating that your service had been satisfactory?—A. Oh, yes. We have many firms that use us very vigorously.

Now, of another kind of report we have sent out during the year 58,099, and I am going to read you one of these reports. I do not care to have the name of the firm introduced in the record.

Q. (By Mr. FARQUHAR.) Can you read the report without giving the name in order to show the form of what the report is?—A. Yes; I will omit the name. First I will give you the inquiry upon which the report was based. [Reading:] "We are shipping a great many goods to England at the present time and would like to know definitely whether or not it requires the use of the phrase 'Made in

the United States' on the same. We have made several inquiries lately and some of the parties claim it should be and others that it is not necessary. If you have any definite information on this point or can acquaint us with the law in the matter we would consider it a great favor. Also, can you inform us whether it requires 'Made in Germany' or 'Made in England' on goods sent to this country, or has this law been repealed? Trusting this information * * * etc."

It is part of our business to be familiar with commercial law and to have on file, as we have, the commercial laws of all countries. We have recently compiled a pamphlet of 40 or 50 pages on the laws of trade-marks throughout the world and distributed that pamphlet—about 10,000 of them.

I will read you the answer to this inquiry: "Special inquiry No. 18636, referring to the merchandising marks in Great Britain. Answering your favor of the 21st instant, and the question contained therein as to the necessity of marking 'Made in the United States' upon all goods shipped into England, we beg to say that the latest decision on this point up to the opening of the present year leaves the question in about this position: If you place on your goods in a prominent position the name of your firm and address in the United States, that is a sufficiently clear indication that the goods are made in the United States and removes the necessity for any other indication of the country of origin; but it would not do, for example, to put merely your firm's name [and that is inserted here] with the locality, New York or Boston. The name of the State or the United States must be added in order to avoid danger in the possibility of a town similarly named existing in the British Empire, the existence of which might enable some British merchant to sell your goods as goods of English manufacture because of the similarity of the name of the English town. Second, if your goods are without mark, that is, without the address of the firm or combination of words in the English language, then it is unnecessary for them to bear the slightest indication of the country of origin, because in the condition shipped they do not place in the hands of the English trader an aid to their sale as an English-made article."

It is not necessary to read any further, because that illustrates the method.

Q. (By Mr. KENNEDY.) I see boxes marked "Made in Germany." Does that comply with the law, or must the goods be marked also?—A. The goods, I think, would also have to be marked. The goods themselves would have to be marked so each package would be recognized.

I will take up just one other sort of inquiry. We have every week perhaps from 500 to 800 inquiries from foreign houses, and we wrote something like 72,000 letters last year in answering foreign inquiries. These were taken out of the files without the slightest reference to what they might happen to be.

Here is an inquiry from the city of Antwerp, Belgium, with reference to "United States manufacturers of locomotive sand boxes with compressed air." This inquiry is in French. The writers are a large firm in Antwerp and they want to be put in communication with any manufacturers of locomotive sand boxes with compressed air in this country. This was answered by giving them a letter telling with what firms to communicate, and in some cases we also followed that information up by writing a letter to each one of these firms, giving them practically a copy of this letter so they themselves could follow it up if they wished. The answer would leave no prominent firm out, and in that way a single inquiry sometimes requires 25 or 30 letters to be written in order to put the information in the hands of the firms who could best handle that sort of thing. As I said we wrote something like 72,000 letters in reference to just such inquiries as that from foreign firms during the past year.

Q. (By Mr. FARQUHAR.) How many stenographers do you employ?—A. Our force varies to a certain extent. We have had in our employ as high as 170 persons, and the number runs occasionally down to perhaps 100, in proportion to the work we are doing, and we have been able as we have gone along to systematize our work very much and have established 6 or 7 bureaus, each taking charge of its special line of work. I would say that we have at the present time about 40 stenographers and typewriters, and most of these write from 2 to 5 languages. We are, with our present force, able to handle business in about 18 different languages without any trouble. We are also always looking out for persons who are experts in different foreign fields of trade. For instance, we have one gentleman, an Englishman, with us who has been for 7 years in Africa and who knows all the prominent firms in the large cities of South Africa. We have another gentleman with us, a German, who was for 15 years connected in the most active way as an investigator with the exporting firms of Germany, and who knows all the leading German firms from personal contact. The men who make these reports must be experts in their special lines.

We have brought together about 1,200 current journals and price courants—the leading publications on commerce from every foreign government. Sometimes

we can not get the government to send them to us; then we have to get special agents and even private people to get them for us. With the literature which we are enabled to get the different governments and private individuals to send to us, and our current journals and the few people we keep out investigating the trade of different countries as special agents of our work, and the correspondence, more or less active, with the foreign firms with which we are in touch, we are enabled to secure almost any kind of information.

Q. You have not mentioned the consular service in any way?—A. Three or 4 years ago Congress was good enough to pass a resolution asking the State Department to put the consular service at our disposal with regard to commercial information. We have used the consular service most vigorously since that time. No consul has been appointed whom we have not invited to come and look our bureau over and study our work, and if they were not thoroughly familiar with the trade of the country to which they were going, we had all the documents to show them, giving information as to the condition of that country. Numbers of consuls have come and stayed a week or 10 days or 2 weeks to study before going to their respective countries, because our literature was so full.

I would state that we have had the most hearty cooperation through the consular bureau in the State Department. We have had a very fine service rendered to us through many of the consuls who, before their appointment, were more or less experts in trade. Material which has been sent to us direct by the consuls, we duplicate and send to the consular bureau. I think, as a rule, important communications are sent to the consular bureau first, but such a course is not required of the consuls. We take great pleasure and great pains always, when receiving anything that is important, to communicate it to the consular bureau, even if it did not come from a consul, provided it is wanted and any use can be made of it.

There is a great deal said just now about the consular service and its inefficiency. I ought to say that we know pretty well about how that is, and I believe that in the consular service of the United States there are many of the best consuls of the world—men who appreciate the growing trade of the United States, and who are keeping in touch with everything in the line of trade of the country they are sent to, and constantly communicating their information to the Consular Bureau in Washington. On the other hand, it goes without saying that occasionally there is a man appointed who has not been in the business which would make him best adapted for the location or the work which he ought to do. The consular service, perhaps, could be most severely criticised with reference to the laws which were made for the control of the service and the apportioning out of consular districts or localities. The laws which govern the service were made many years ago and are inadequate. That is, perhaps, the severest stricture on the consular service to-day, and it is a stricture that does not criticise the individuals that enter the service. If there were revisions of the consular law in harmony with the best parts of several bills that have been drawn, it would be perfectly possible to secure betterment of the consular service and to make a much better reputation than we have at the present time. The new law ought to have the consular service under civil-service regulations.

Q. (By Mr. KENNEDY.) Can you give an illustration of the inadequate law that you speak of?—A. I think I could. I would not like to make a specific illustration, but I will give you one line in which the salaries are fixed for certain localities, and in which they were fixed many, many years ago. Since the salaries were fixed some of the places have risen to be tenfold more important than they were when the salaries were fixed, and other places have gone down to almost worthless places, so far as the United States is concerned. The worthless places at the present moment may have salaries of double the places that have increased tenfold, and those salaries can not be changed. That is a crying evil, because our consuls have no standing in such cases. If you can get a man to go for a salary of \$1,000, because he wants to go abroad, he does not go for commercial reasons; he must be an inferior man to the man who would go for \$8,000 or \$10,000 to a good place, and then he has no standing, as compared with the officials from foreign countries in those places.

Q. (By Mr. A. L. HARRIS.) I want to inquire whether this efficiency pertains particularly to manufactured goods?—A. How is that?

Q. Is the consular service given particularly in connection with manufactured goods or does it pertain to the entire commerce of our country, including agricultural products?—A. I think a good consul studies his locality and tries to find what trade from the United States can be brought in there if it is not already there. I at one time knew of a consul who was for many years in Germany, who, in his particular locality, introduced the American apple as an import article. There were none shipped into his territory when he began this. He shipped in a dozen or two barrels for his own use and to give away. He was able to do that;

some consuls could not. He took the risks, and from the few barrels he shipped he increased the number to many hundreds of thousands of barrels, and the business had come to a point when Germany, 2 or 3 years ago, became a little alarmed at the shipping of our fruit over, and sent a commission over here to study and see if they could not find some reason for what they had determined beforehand they were going to do—that is, shut it out. I think I have said sufficient about these reports.

Our work is quite all-sided. We publish brochures quite frequently. Here is an old one on Siberia [referring to book] which covers the whole question of the trade of Siberia, and the possibilities with the railroads are discussed.

Here [referring to another book] is a more recent one on paper pulp—the world's export trade of it. Here the paper-pulp trade of every country is given, and the amount of export that every country has, and the import at the present time.

To show our various brochures and circulars, here is one on the conversion tables of weights and measures, which we publish in a handy pocket edition, which covers weights and measures in all prominent trading countries in very convenient form for practical use. All these we circulate free; they have no price.

Here is another on American trade with India. In this the railways in India are all given; purchasing agents, and all that one would want to touch that sort of trade; also a list of the leading dealers in a great many cities is given; also American trade with Australia. Another pamphlet which we have a short time since published is on trade-marks of foreign countries.

Q. (By Mr. LITCHMAN.) Have you something in connection with suggestions for trade-marks for the China trade?—A. In some countries, like China, Japan, or Persia, some of the countries that have come along down in their ancient civilization with special superstitions and ideas, it is sometimes rather difficult to know how to introduce a trade-mark which will not run counter to some prejudice or in some way injure the sale of goods, instead of aiding it. We have taken special interest in that line in the most difficult country of all, in China, and have had 4 large volumes of trade-marks prepared by hand sketches from native artists. Artists have put their ideas into them, making a trade-mark which would especially aid in selling the goods, and which will not in any way express anything which would be detrimental to the goods. I brought along one of those volumes, that you might see it. It illustrates all kinds. The class is given on top here [indicating]. For instance, there is one for canned goods [indicating]; it is illustrated by peaches. Here is one for agricultural implements [indicating]. There is a man raking and hoeing in the ground [indicating]; here is another cutting rice, for agricultural instruments [indicating]. Here is another for planting the rice [indicating]. These are all agricultural instruments, 40 or 50 different classes, here. Tea cart and coolies; that would be for the tea trade. They are very handsome drawings [indicating]. In canned goods the different kinds are shown. Here is again the farmer harrowing the field; that would be, say, for cereals.

Here is a design of a wealthy merchant riding in a chair. In many of the trade-marks there are inscriptions in Chinese dialect characters. Here are the characters given and the translation of them.

We had these prepared so we could give them out to the manufacturers who were specially looking for Chinese trade.

Q. Have you reproduced these in any way for general distribution?—A. Our method so far has been to turn them over to the manufacturers; that is, we have not reproduced these. The fact of it is, we did not have money enough, and when the manufacturers wanted these we simply sent them the book and let them copy any one of them that they liked at their own expense.

Q. (By Mr. CLARKE.) Do any of our American manufacturers who are engaged in the export trade prepare trade-marks especially for the country to which they send their goods?—A. I can not give you an illustration of that at the present moment, but it is one of the things that is bound to be done. There are some manufacturers in the South now that are getting a great deal of trade in shipping cotton goods to China, and in such cases it would pay the manufacturer to put a special trade-mark on for that Chinese trade; that is, a Chinese trade-mark. Of course that would not go anywhere else.

Q. (By Mr. LITCHMAN.) The object of these stamps is to encourage that process?—A. To encourage the putting of special trade-marks on for those countries, and to be sure that they shall not be prejudicial in any way to the goods.

Q. (By Mr. KENNEDY.) Do the manufacturers of England and Germany cater to the oriental trade in this way?—A. I have never seen a special trade-mark on the English goods, but this idea was first studied by one of our American consuls in China.

Captain Gracy. It was an excellent idea of his, and I would state that he suggested a special line of trade-marks that should be made. These were made under his direction by Chinese artists, and the Commercial Museums later paid the expense in order to make distribution of them as they might be needed.

(Recess until 2.04 p. m.)

Pursuant to recess, the commission met at 2.04 p. m., and Dr. Wilson continued his testimony, as follows:

The WITNESS. Speaking of trade-marks, I have here a piece of cotton cut from a bolt of cotton made in England, and showing the trade-mark which has been put upon it by the manufacturing establishment which made it in England. You will see that they have attempted to study up something. They have got the dragon and several other features from the crown of England, the lion and the flag. They have in one corner the Chinese dragon.

Q. (By Mr. CLARKE.) This is evidently made for the Chinese market?—A. This print is made for the Chinese market solely. Here is another trade-mark which gives the Chinese dragon again. They put both of them on the goods, and here is their imprint also. It simply shows that English manufacturers are making special trade-marks.

Q. (By Mr. FARQUHAR.) Have the Americans made any?—A. I have never seen one. We pick up all the goods of China, those that are sent there by Americans, and I have yet to find a single case where there was an American trade-mark. That is made for the Japanese trade [indicating].

Q. Do you think a trade-mark for one place in China would serve as well for the whole country?—A. I think the country is pretty harmonious. Although there are a great many different dialects, it is quite harmoniously under one religion and one set of superstitions. I would not want to call their religion superstition. The religion of Confucius has a great deal of good in it, a great deal of nice sentiment.

Q. To make my meaning clearer, let me state that I have heard that a color which is popular in one part of China is offensive in another part.—A. I think that might be true, and at the same time there would be some colors that would be harmonious all through.

Q. I ask this question simply to elicit your opinion as to the importance of American manufacturers making a careful study of the needs and prejudices in different sections of foreign countries before preparing their goods and their trade-marks to send there.—A. It is a well-known fact in Germany that the finely prepared trade-marks which the Germans make, with beautiful pictures and fine scenery, go a great way toward selling their goods in all South America and also in other places. The Germans are extreme, almost, in making fine trade-marks and fine trade cards. If they make a set of knives, they put that set of knives upon a card, which in itself is an artistic and beautiful picture, and it goes a long way, especially in South America, in selling the goods. I have hundreds of illustrations of that in the samples I have. Those illustrations are pictures in themselves, and the plaque, 3 or 4 times as large as these often, with knives or other fine material is stood up in stores in South America, and it sells the goods. It is attractive, extremely.

Here is a piece of cotton made in China [indicating], and here is one of the trade-marks. I might have selected something aside from that, something that had something on besides the characters, that has a Chinese trade-mark.

Now, I wanted to have a word or two about the methods which the Commercial Museums have pursued in illustrating foreign trade through samples. This is something that has grown upon us. When we first started this work we were making reports largely and working up material from literature and from reports sent to us either from our own agents or from foreign houses, and it has grown from the incident of a manufacturer coming in to us and saying, "Now, I have learned that England, or some firm in England or Germany or France, is making goods similar to mine, and sending them, we will say, to the Argentine Republic. I want to know what is the reason I can not get my goods into that same trade." Well, of course the first step toward getting in that trade is to see how the goods are going in there, and then to have from us a careful report of how to get goods in, if they have to have tariff, expenses of freight, etc., because a few cents on goods will sometimes keep them out. It is a very delicate thing often, so I am going to give you one illustration, which is one of the primary things that started us off. For instance, a man came in who was manufacturing horseshoes, and making them by machinery, and he said to us, "Do you know any place in the world, outside of America, where I can sell my horseshoes?" Well, the inquiry set us to looking the matter up. We found there were some countries in which England was selling horseshoes manufactured generally by hand. The English makers would send them in sets, in some places, perhaps, sets of twos. This set

[indicating] was made in England by a certain firm and sent to South Africa, and that is how we first began to investigate the matter. We sent over to England, where we have an agent. This incident will illustrate our method of getting at things. We have an agent in England who is a partner in a large commission house. That agent receives a salary from us, so much a year, a sufficient salary so that he can employ 2, 3, or 4 people under him. There is not a mail steamer going out of New York that does not take requests, and sometimes a dozen of them, and this was one of them. We asked our agent to find out the firms in England making horseshoes, and if they had any trade opportunity. He soon learned that certain countries received all of their horseshoes from England. South Africa and some of the oriental countries had them made up that way; they could not make them at all. They knew enough to put them on, but not enough to make them. The agent followed the thing up until we knew just who was sending them to those places, how much they were getting, how they were packed, and whether there were tariffs in getting them in, and under what conditions the people sold them at retail at the other end. This was certainly 4 years ago. A year ago, when the National Association of Manufacturers was holding its sessions in Boston and I was attending it, the gentleman who first asked me about the foreign trade for horseshoes came to me with a smile on his face and asked, "Do you remember when you first worked up the question of horseshoes for me?" I said I did. After thinking the matter over a little, I remembered that was one of the first cases of the kind we ever had. "Well," said he, "within a week we have had an order to send 10 carloads of horseshoes to South Africa for the English army. Now, this trade was all started in your investigation." He had a good many orders, but that was a pretty good-sized one. He was shoeing the horses of the English army. You see, he made his shoes by machinery, and he was doing the work so much more cheaply than it could be done by hand in England, even with cheap labor, that he secured the order.

Q. (By Mr. LITCHMAN.) Of course the element of time entered somewhat, too?—A. I do not know anything about this particular case. That element is often a very strong factor. We can in many of our plants turn out in a quarter or a tenth of the time that would be required in England. I remember we got a dozen or 20 different pairs of horseshoes when we began to investigate this matter, some for mules, some for large horses, and some for oxen, and they began to be stock as we got them in, to show the trade in foreign countries, and we have to-day finally accumulated in all 50,000 samples just from special requests in that way.

One of the very first matters we had to deal with following the horseshoe, was a man who wanted to know how they sheared sheep in Australia, and whether he could not make sheep shears that would go into that country. It took us only 3 or 4 weeks to get the identical shears that were going out of England to Australia, and to get the conditions under which they go to Australia, and also to the Argentine and other countries where sheep are raised. That was the early part of our work.

At a somewhat later date I got several gentlemen to guarantee a fund of \$20,000 with which I planned to send a commission of 3 people to China, in order to make a complete study of everything that went into China, and of everything the Chinese made themselves—the whole condition of trade there. We did not stop at the condition of the export trade, but looked up the opportunities and possibilities of building railroads and that sort of thing. At least, these men were advised to do that sort of thing—to look everything over. I remember very well we came to Mr. Wu, the Chinese minister, here in Washington, who I knew then fairly well, and who visited our establishment 3 or 4 times personally, and got letters from him. He even was so kind as to cable to the tsungli yamen, the foreign office in China, about the time he thought our people would arrive. I arranged this commission. I had 4 persons in Philadelphia that guaranteed \$20,000 to send the commission out. Among little instances of the trip I bought a phonograph and brought it here to Mr. Wu and had him send a personal message to Li Hung Chang, using this phonograph. We secured permission for this commission to travel through parts of China where there were no hotel accommodations, and nothing of that kind, and for them to be housed in the viceroy houses. As a result, we picked up all the native cottons—the cottons that were made in China, and everything we could find shipped in by England, France, or Germany, or America. We did not stop with cottons; we followed the same plan with hardware, with every solitary thing that might go into China, and I have probably 3,000 or 4,000 articles that were brought back by that commission. We brought all their native tools, because there is such a thing as teaching a native Chinese to work with more handy tools than they make themselves. We stopped at nothing we thought might be advantageous to the

American manufacturer or the merchant. We had a mass of information which we have been giving out ever since, and it has been a fund to draw upon every time we have had questions about China. We did not have funds enough to get through. The commission spent \$27,000 on this trip instead of \$30,000, and we did not have funds enough to go to work and elaborately print the reports, so we have been using them everywhere we could ever since, giving them to everybody who wanted them. But the cotton goods and the textiles have been a very fruitful aid to our manufacturers in knowing what kinds of goods the Chinese like—what their particular ware demanded. They make their piece goods—and these are illustrations of their width here [indicating]—to accommodate the number of yards or the kind of garments they want to cut out of them, and as a rule they will not buy anything that is going to leave a surplus. They are very sharp and shrewd in that way.

They are made in very narrow widths. These Chinese goods [indicating] are made in their clothing. This is another style [indicating]. I only brought 3 or 4 to illustrate the point. This is a sort of a coarse toweling which they make.

Q. Are these goods you are showing all made in China?—A. All made in China.

Q. (By Mr. LITCHMAN.) What is the object of making them so narrow?—A. I can not tell, only that is the Chinese custom. This is the widest piece of goods I have ever seen coming from China. This is a piece of flannel, and I think it is one of the widest pieces I have ever seen. Their looms are narrow.

Q. How far do you use machinery in the manufacture of these goods?—A. These cottons are all manufactured in mills, as a rule. They have for recent years, as you know, been putting in very extensive mills, and raising their own cotton to a certain extent.

Now, then, I say this: Collecting of material and illustrating what takes place in a country, in the importations into the country of foreign goods, was taken up and illustrated by us first in China, and we brought home everything we could find that could be made by American manufacturers, or shipped in there in any way, or which would be of advantage to the trade in America.

We very soon saw that it would be greatly to our advantage to study other countries in the same way, even more fully, because in many countries there were 10 times the easy opportunity of getting our trade in, and about that time we made an application to Congress for an appropriation to make an extensive study of foreign countries and bring together at one time, as far as possible, samples of any and all of those countries that receive manufactured goods from Germany or England or France or any of the leading manufacturing countries, and Congress very fortunately made us an appropriation of \$50,000. Now, in a study of that kind you see that sum would not go very far. We had already spent 27,000 in China alone, but of course the difficulties in China were great. It would be much easier in any other country. We spent this \$50,000 in bringing together a great collection of manufactures, such as England is sending all over the world, and Germany and France and Belgium. We completed that work more than a year ago, as far as we had any money to go. Instead of spending just the 50,000, we spent something like 70,000 on that experiment, using the money we got in from manufacturers, and money appropriated to us from cities and elsewhere. We found that really we had only begun the work; that to do anything of that kind thoroughly you had to have experts, not only to go into the country that manufacture, and mouse the things out in one way or another, but also experts to go to the countries that receive the goods and pick up everything that came in there. The article then had to be traced back through our agents to the country which made it, and the processes varied, because you could not get it through commission houses, where it was sold in the foreign countries, in the countries where it was retailed. You could not there get at data which was sufficient; so our agents collected it. In one country, Venezuela, we had about 1,000 samples of goods collected, all sent up to the museum, numbered and described as far as possible, with information as to where they came from. Those goods were sent over to England. In many cases we could not always tell where they were made, but they were finally worked down to the manufacturer, and the manufacturer's prices gotten for them. In a great many cases we could buy many things; we could go to a commission house in England and we could get sufficient information as to where they were buying for and the trade, and sometimes they would buy for us, and in that case we could get the lowest price, discounts, and everything at first-hand right from the manufacturer, and in one way or another we put in these samples, and I have them now set up in cases, occupying a great building in West Philadelphia, 400 feet long and 100 feet wide, on 2 floors.

The next thought that you would have would be that these goods would be antiquated very quickly. Some of them are and would be, but the textiles, many of them, are perfectly standard, and we keep these up by constantly, every 2 or 3

months, in accordance with the kind of trade, clipping samples of them, and sending them back to the English or French or German agents to be reprinted again and returned to us, and that is done constantly.

Now, then, how do we use these samples? They are all the way from a piece of calico as big as your hand to threshing machines and other agricultural implements. France ships a good many agricultural implements, and so does Austria, down to Argentine and other countries. We have perhaps the leading trade there in agricultural implements, but these other countries get a great many of their goods in, and we took particular pains to buy the leading things, shipping in agricultural implements, and bringing them over; not always that our manufacturers would copy them, because they would make a poorer article if they did, but in many cases they must pattern to a certain extent after them, because these people are in the habit of using a certain kind of thing, and never changed. For instance, early in the history of agriculture in the Argentine Republic they used a one-handed plow—and you could not get them to use anything else—and I can remember very well when a manufacturer of implements in York, Pa., was sharp enough to send down to the Argentine Republic and get one of their primitive plows, and inside of the next 2 years he sold 20,000 plows in the Argentine Republic. He took the one-handed plow and put a steel point on it, and his plows went like wildfire, after they used them and saw that they did not have to replenish the point. That is the way our manufacturers have to do, to study and adapt their goods to those countries.

I have brought along here two or three photographs of cases of these things. Here is a photograph of the cases of shoes as they stand [indicating]. Here is also a photograph of cutlery and a lot of things which only shows that we have them in cases [pointing to photograph]. That is the photograph of the wool room [pointing to photograph]. That is of hides; and this is a fiber room, where a great many fibers are illustrated. This again of the fiber room [referring to photograph].

We have a way of using these samples. If they were to lie in Philadelphia and become antiquated, without any active use, inside of a year or two they would not be good for anything. Within 4 months we have made 4 active exhibits in other cities, of the different goods that we have in these collections. Five months ago we made an extensive exhibit in Pittsburg. We occupied a space of 140 feet long by 20 feet wide, and covered it with an exhibit from the Commercial Museum, taking in such samples of foreign goods as would be useful in Pittsburg, and every morning putting up on the bulletin board, while we were there, the many inquiries that came from foreign countries. They were sent every night and posted on the bulletin board.

Within 4 weeks we have made a similar exhibit in Springfield, Mass., and held the exhibit there a week. It was advertised beforehand. The tradesmen sent us lists of every kind of manufacturing interest that was carried on in Springfield, and from that we were guided to select from our samples, and from our information we sent up half a carload of materials. The board of trade room was turned over to us, and we put our materials on exhibition there for a week or 10 days, and one of our experts stayed there to explain them.

At the present moment a similar exhibit is going on in Worcester, Mass. The papers there in both Springfield and Worcester are filled with it. It illustrates the different kinds of manufacturing interests they have got there. Ever so many times, when the New England shoe manufacturers met in Boston, we have taken up 800 or 400 pairs of shoes that are being made in England and elsewhere, and sold in foreign markets, and sent an expert to explain the matter for a week, and, if we had more means, we could keep these things going all the time to the advantage of the people. We paid all expenses in Springfield. In Worcester they paid nothing except to give us the room. In Pittsburg some of them who were interested in the Pennsylvania Railroad were kind enough to grant us free transmission of all things out and back and transportation, and of course every dollar we can save is saved to put into the work to push it.

I think no one could fully appreciate the work that could be done in these lines, and the methods it requires to keep up things and keep them fresh. Of course some things become antiquated and worthless. It must be so; but very few will appreciate the immense amount of work that could be put in a thing of this kind to the immense advantage of the United States. After we had spent the money which Congress gave us, and got the experience of seeing how magnificently the matter worked out, we felt it was just as legitimate to spend money in that direction as it would be on the river and harbor bill, or to aid the merchant marine, and we made bold to ask for another appropriation from Congress for \$200,000 to complete that work. Now, what did it mean? It meant simply experts to go into the different countries in South America and find out exactly what England was

sending there, and Germany, France, and Belgium, to get the materials, and to get all information regarding opportunities for our people, and bring it home and scatter it broadcast. It meant going to all countries where there would be opportunities for experts, and getting the information. That bill asking for \$300,000 is before Congress. I have taken pains naturally to inform myself that it would readily pass. We have found out from a little canvassing that we have about a three-quarters majority of those who would favor it in the House, but it was absolutely impossible to get it up.

Q. (By Mr. FARQUHAR.) This session?—A. Well, it dies if it is not gotten up this session. Of course, this is an extraordinary session on account of very many important bills. I have begged the Committee on Rules to allow it to come up. I have had one or two hearings in an informal manner, and I have told them that I believe that inside of 10 or 12 months there will be again the approaching of a panic, for the simple reason that we are putting our energy more into the production of goods, regardless of where they are going to, than in the distribution of them. We are putting really 7 points out of 10 of our energy into producing goods regardless of the distribution. Manufacturers, if the price is good at the present moment, turn their energy to increase the manufacture; they duplicate their plants, without always studying the reason for the high price and the possible decrease when there is a surplus production, and I have argued with this committee that this is a small bill; that this institution is devoted simply to the one thing on every side of studying the interests of American trade and American manufacture. It is the only institution that is doing that and nothing else, and has as its object solely this purpose; that the amount was a small one, and that it ought to go through, and that inside of the next year we would be in trouble; and instead of devoting the little energy that we can devote as one institution, there ought to be a thousandfold more energy put in that direction, and we would soon see that must be the case. But I am so far absolutely blocked, and I believe it is practically hopeless unless I can move Mr. Henderson, and he seems to be immovable.

Q. (By Mr. CLARKE.) Are you making any special appeals to manufacturers and export merchants for aid to carry on this work until the Government can have time to act upon it?—A. No; I have never made any special appeals to manufacturers or the wealthy people who might support such a cause any more than to ask them through my agents their individual subscription to the institution, for which they get tenfold return.

Q. It seems to you to be a work of general interest to the public quite as much as to the particular classes engaged in production for the export trade, does it not?—A. I believe that the work which the Philadelphia Museum is doing is a missionary work. There are many manufacturers who have had their whole energies taken up with their home markets who have scarcely yet come to realize that they will be compelled to look abroad for their support. There are plenty of manufacturers who have not studied the question in that light. Then, of course, there are others who for many years have sold much of their product abroad, and who have spent a good deal of means in securing that trade. My own feeling is that this sort of work, if it can be carried out and sufficiently done, so as to have the result of allowing the American manufacturer to proceed in full time to the building of new plants which will employ our own labor, that it is the happiest solution, the easiest and happiest solution, possible to a contented people that we have.

Q. This export business does not in any way conflict with the conservation and development of the home market, does it?—A. I do not see how it does anything but support the home market. If you have a given number of manufacturers, and 1,000 of them, or two-thirds of them, are manufacturing materials which are subject to export trade, they are also manufacturing materials which are used in home consumption. Now, if you can let out the energy of those who are capable of putting energy into foreign trade, so that their goods go abroad, what are they doing but relieving the market for the manufacturers who can manufacture nothing but goods for the home market, or who are at present doing nothing but manufacturing for the home market? I look at the increased foreign trade as greatly aiding the whole market.

Q. Is it not a fact that some large establishments run a part of the time for the home market and part of the time for foreign markets, or a part of the establishment for the foreign market?—A. Oh, I believe that is true. I believe that there are manufacturing plants that are making special things for foreign markets and also making material for the home market, but the material is more or less different, and they even may put a different price on similar goods for the two markets. It is the common course in Germany to sell the goods for a foreign market cheaper than the goods are sold at home.

Q. Is not that a common practice by all export peoples?—**A.** I think quite likely it is, and even what they call the surplus, after running the plant to the extent of the product which they can get rid of in the home market, the rest of the time may be run for the foreign market, and run at a lower rate, or his products sold at a lower rate. That happens to be so in the products of agriculture, and I have known in the dairy business certain brands of cheese to be exported for several cents a pound less than the same brand was sold at all the time in the American market.

Q. That condition prevails, then, in your opinion, irrespective of the economic policy of the country in regard to tariffs?—**A.** I think it does.

Q. Have you any knowledge of the cooperation of the different trades or of the industries in this country to put their goods into foreign markets?—**A.** No; I have no knowledge of that kind. That is, you mean a combination of different firms and manufacturers combining to—

Q. (By Mr. CLARKE.) Combining to send an agent to represent the several firms in a foreign country?—**A.** Oh, yes; I have, during my experience in the Commercial Museum, known of numbers of firms who have combined in the sending of one man to a foreign country—that is, it was not perhaps an active combination of the different firms, but an active tradesman or salesman has secured what he calls the representation of 5, or 8, or 10 different firms, and has gone abroad with his samples from them all in the attempt to introduce those samples in the foreign country that he was going to and with the complete knowledge of all the other firms, though the firms themselves were not united in any harmonious action together to make a combination; the agent did it himself. I think that has been quite a common method; but it has very frequently failed, for the simple reason that it is naturally impossible for an agent of that kind to thoroughly and well represent a lot of different houses.

Q. Has your institution established exhibits in any countries to which we export, or desire to export, our goods?—**A.** No.

Q. Would that be a valuable branch of your work if you had means to sustain it?—**A.** It would be. It is a work that ought to be done. It is something that we have studied more or less; and the first warehouse, so far as I know, of that kind which was established by persons in this country we negotiated the concession for, and that was in Venezuela; the warehouse was established later. We assigned the concession and handed it over to the National Association of Manufacturers. The concession came under our notice and was a peculiar one, because an English gentleman was attempting to get, and would have succeeded probably in getting, a concession from Venezuela that he should be the only one that could place foreign goods on exhibition in Venezuela; and while he was negotiating this concession from that Government and securing it he was at the same time making arrangements to sell it to somebody else for \$100,000. It came under the observation of one of the officials from the Museum whom I had at that time in Venezuela, and he came home and reported it to the Venezuelan minister in Washington and to our own authorities, and received a commission immediately to go back and see if it could be overturned, because it was going to be very much against American interests. He went back and arrived in Venezuela about 10 days before this concession was to be acted upon by the Venezuelan Congress, and succeeded. He asked the same concessions, except that it should be absolutely free to anybody. He asked no special privilege, only that the United States should be allowed the privilege of exhibiting; and in one way and another, through the influence of the minister in Washington and through his representations and ours, the original concession was killed and the concession was granted to the Philadelphia museums. We afterwards assigned that to the National Association of Manufacturers, and they established a warehouse in Caracas which, I believe, has existed there for about two years and a half. They established this warehouse by inviting the leading manufacturers to send their goods down there. They rented a large building and each manufacturer paid for floor space, and they have a general superintendent who takes charge and takes orders, and that sort of thing.

Q. Are you able to testify as to the success of their exhibit there in securing orders?—**A.** No; I am not able to give the data with reference to that. I followed it for the first year and was present myself in Venezuela at the time the warehouse was opened. It was done with a great deal of ceremony by the President of the Republic and prominent officials who sympathized with it as a method of introducing new trade into Venezuela and in competition with the trade there, probably cheapening articles. The introduction of such a warehouse into any country has to be done with very special study. You could readily see that if a warehouse of that kind should take orders it would antagonize the already established commission and large houses in the city where it was established, and it

would have to be a large city with large support back of it and large interests and many leading houses who were adverse in their interests to allow a warehouse of that kind to succeed.

The national association, I happen to know, within the last year or two, through their most active and thorough president, who is a gentleman thoroughly conversant with trade abroad and in this country, have studied the question with reference to warehouses in China and in Europe, and, if I remember the reports correctly, determined to establish in Hamburg a warehouse; and I believe myself that that would be one of the most important places in the world to do that sort of thing and it would be very advantageous to American trade. It can also be done in London. However, a movement of that kind has to consider very many important questions in order to make a success and should be carried on in such a way that all manufacturers in a given country have equal privileges and opportunities of putting their goods there. You can see that it is fraught with great difficulties with reference to the competition between our own manufacturers; many knotty questions would come up that would be very difficult to solve.

The Czar of Russia in the last few years has established a warehouse of that kind for the benefit of Russia and has taken into it through his agents in this country and other countries such materials and such manufactures, especially agricultural implements from the United States, as are thought to be of advantage to the development of Russia.

Q. He established that in his own country, I take it?—A. In his own country; and for the advancement of Russia he bought the implements and materials wherever he could find what he thought would be advantageous and brought them to St. Petersburg and made the exhibition.

Five or six years ago Mr. Chamberlain set about studying all the manufactured goods and materials that were sold in the West Indies here, and of course he found that a great many of them—the vast majority—were American. He got together all those materials and put them on exhibition in London, advertised them thoroughly to the artisans and others, kept the exhibition open for 6 weeks, loaning the articles out at night to the different manufacturers and others who would copy them and who might desire to imitate them and to replace with their goods what we were selling in the West Indies; and it really was a pretty successful affair. That is one of the first exhibits of the kind that I knew about.

Q. When our improvements are copied by foreign producers in that way competition then becomes simply a matter of price and energy in introducing the goods?—A. Yes; it comes down to the question of who can manufacture the most cheaply and put them into the market. I believe that there are many lines of goods in which, while we pay a higher price for labor in this country yet with the increased skill which our American manufacturers have, the quickness in manipulation which they all seem to possess, and the improved machinery which we have, we can surpass other nationalities abroad. I believe the cheapness in labor in foreign countries is entirely overcome by these advantages.

Q. There are still some 5 minutes in which we can hear you. If you can direct your attention to a subject of paramount interest we shall be glad to hear you on that.—A. There is one point with reference to the Philadelphia museums about which I should like to speak, simply that this point may come before the public and receive its judgment.

The Commercial Museum started with a mere idea in 1894. It has grown to a point now in which in its ordinary course it manipulates \$200,000 in its running expenses and work annually. It is building a large plant into which, in one way and another, it has already put over \$700,000. Its work, as you see, does not limit it to any locality; it is a mere accident that it is in Philadelphia. So far as its work is concerned in bringing together samples which are to be distributed through exhibitions, or in giving its reports and information to the public and the manufacturers, it could do this work just as well in one part of the country as another. I have had in the last year many inquiries made as to whether the material which we were getting together and the information which we were constantly receiving and sending out could not be duplicated quickly and sent to a dozen or 20 or 30 other centers, so that it could be distributed from these centers. More than 3 years ago Chicago, with a committee, approached me on this subject. About a year ago St. Louis did the same thing, and asked me to come to St. Louis and give my views on the question before the Commercial Club, which I did. Later San Francisco actively went to work and established, after studying our institution, a commercial museum modeled on our plan exactly. New York has at two different times sent over large committees to see our work and see whether it could not be duplicated and put in New York. Three years ago Mayor Strong, with a committee of 12, came over—the first committee. Since then I believe a committee from the Board of Trade and Transportation, and one from the Manufacturers'

Club of Kings and Queens counties, have been over. Other cities have approached us in the same way.

The question has arisen in my mind, and I have been studying it, to see whether our work could not be quickly duplicated and placed in as many centers as might desire it; an office being established perhaps in the different centers, and the work being quickly placed, and all the information being placed, in New Orleans, in Charleston, Chattanooga, San Francisco, in St. Louis, in Chicago, in Milwaukee and in all the large cities that might desire it. Within 2 weeks 2 gentlemen have been to Philadelphia from St. Louis to look up this very question. Two gentlemen have been down from the Institute of Technology in the last 3 or 4 weeks with the statement that the president would visit us within the next few days with reference—

Q. (Interrupting.) You refer to the Massachusetts Institute of Technology?—A. Yes, to this very matter, saying that they were proposing to establish something similar for Boston. They knew they could get help from us, and asked whether the matter could not be arranged in such a way, knowing that we had our lines laid all over the world, whether it could not be adjusted in such a way that we would aid them in the work. I would say here that we have made connections in many directions where no one else could do it. By that I mean that if anybody else did lay these lines, then we would have to be out; only one person could do it. I do not think it would be possible, for instance, for another institution to have a resolution passed to have the consuls do anything for them. It was only passed for us on the ground that we were distributing the material free absolutely; that when we got anything good from a consul, if it was worth it, it has been printed in a brochure and distributed by the tens of thousands right off. We were doing work just the same as the consular bureau is doing, only we brought together, we will say, \$200,000 to do that work with, and we were doing it freely and scattering the information.

Q. So far as information to manufacturers and merchants is concerned, can you supply it as promptly from Philadelphia as could be done from an institution in another city practically?—A. Why, we certainly could; but if our information was sent out to different localities it would serve to broaden the gain. Each locality—the merchants and manufacturers—would look to that center, and it would be a stimulus to build up their own relations, which would inevitably be a good thing. While we have agents in Australia and in all foreign countries, the most valuable connections we have are with the governments; and you can see the power that we had with the different governments when 27 different governments appointed their representatives to come to the commercial congress last year, in the nature of experts. They appointed a direct representation. It was done through the State Department, all of it. The premier made his appointments in London. We had 2 sets of representatives, those of direct appointment through the governments in that way, and then from the chambers of commerce and other organizations; and we had so carefully convinced in our work the foreign governments that they had sent their consuls, who were here to examine our work, and they became thoroughly acquainted with it. London sent 3 different men to examine our work—1 from the chamber of commerce, 1 from the board of trade, and 1 other gentleman. Germany had sent—not her own ambassador from Washington to examine our work, but the previous minister from Germany—Mr. Von Thielmann, who is now treasurer of the German Empire. He had been to examine our work, and every German consul anywhere near had come and made reports on our work, until Germany at the present moment is establishing an institution after the pattern of our work. And our work has been so thoroughly traced in its methods and in its form that there was but 1 country—1 manufacturing country—in the universe that did not send a direct representative to our commercial congress, and that was France. France was right in the throes of the Spanish trouble and feeling against America at that time, and she did not recognize it and did not send anybody, though representatives came from France from the trade organizations; but she did not send a Government representative.

Now, I would say that our representation is so complete with these foreign countries that there are many of them that are sending us their publications, and our publications from governments are more complete from some countries than anywhere else in the United States. Mexico sends us not alone her commercial literature, but everything she may publish in other lines, and also her topographical maps. And it was only by that means that we could get a bureau for all the Latin-American Republics, and all the ministers in Washington were organized into a bureau for that purpose and have held their meetings in Philadelphia. We have relations established in that way which we hold as impartial. We have recognized the fact that there is reciprocity in trade. We have left

nothing unturned to give them that feeling that we believe in it thoroughly, so that we have a relationship with foreign governments that would be very hard to duplicate in any other institution. These foreign governments are all exhibiting materials. Mexico has 6 rooms filled with her products which she has sent up, and other countries an equal amount. That is our plan to exhibit the raw products from those foreign countries. Now, then, it would be very difficult for another institution to establish the same basis that we have already, and the point that I wanted to bring out is simply this: The question whether in time we should not—it is only a question of support—freely duplicate all our material and send it to just as many centers outside of Philadelphia as desire to receive it, doing it expeditiously and quickly, so that each one of those centers could use it for her own interest and her own manufacturers and merchants in her own town.

Q. (By Mr. LITCHMAN.) You mean specialize for each locality?—A. Yes, where there are special interests, but in the main to send everything—not a collection of samples. If the samples could not be cut and duplicated, they could be sent around in collections and freighted from one place to another, just as we have been doing—as we are holding the exhibitions now. Providence, in Rhode Island, is asking that we shall hold an exhibition there now of the kinds of goods that she is manufacturing—that is, that she could export—and, as I say, we have got one exhibition of a similar character going on now in Springfield, Mass. Now, the question comes about the support of this institution, and if it is possible for me to work out the problem with the aid of others who are thinking it over, so that we can get support for the institution, then we shall duplicate our material freely and without cost, and send it to just as many centers as would receive it.

Q. (By Mr. CLARKE.) I wish to ask you your opinion as to the importance of your work and similar work by others in this country as a factor in the increasing export trade?—A. I believe that during the last 4 or 5 years the United States has really been awakened to foreign trade, that is, awakened to the study of that question; and my own belief is that the questions which have been agitated and the work which has been done by the Philadelphia museums has been a very important factor in stimulating the consideration of this question and then also in the securing of foreign trade. Three years ago we had a commercial congress here, and we had 50 representatives from Latin America, from Mexico down. We took a special train, the finest that the Pennsylvania railroad could put together, just the same as her Chicago limited, with dining cars and with special service furnished us by the Pullman Company, special caterers, and that sort of thing, and took these 50 people on that train, accommodated so they would be comfortable, everyone having a section at least, having an extra car to lunch in besides, and an observation car, and we took them to some 25 of the largest cities in the United States, paid all their expenses and did not allow them to spend a dollar. Every city opened up its manufacturing interests. They spent from 2 to 5 days in the different cities. Some of the cities expended for them \$25,000, or \$30,000, or \$40,000 in showing them about and entertaining them, and they got an idea of the immense manufacturing interests of this country they could have gotten in no other way. That excursion and the commercial congress at that time did more to stir up the thought of the possibilities of foreign trade, I think, than anything else that has happened since the pan-American Congress which was initiated by Mr. Blaine. Some of those people left orders to the extent of a million and a half of dollars before they left this country. I know of one case of orders in iron that went to Mexico. There were gentlemen from Peru and the United States of Colombia, delegates here who were the representatives of immense houses in those countries. They always went to Europe. One gentleman after circulating all around in this country in that way, had bought 100 tons of samples of various lines of manufacture to take to his commission house, and had bought only where, having studied Europe, he knew there was an advantage in trading with America; and that is only one illustration. We introduced Latin America to many houses in the United States at that time; that was only the beginning. We have, I can almost say, thousands of letters from manufacturers giving us hearty commendations, and in many cases telling us how we have pushed them into foreign trade and what advantage we have been to them.

Now there are other organizations working in the same line. The National Association of Manufacturers, an organization under the presidency of a very able man, Mr. Search, is doing similar work. It is an organization having a membership and having later, after our work in a similar line, opened up a bureau something like our own, but with a much less force, and by working in a similar way is securing foreign trade for American manufactures, and is doing a fine work.

Q. Have you studied the trade returns to see whether or not the largest increase in the exports of our manufactures has been in the countries where your work has been most put in?—A. In answering that question I would state that about 75 per cent of our export trade goes to Europe. It has the facility of transportation, the facility of communication, the facility of banking, and every facility. The wants of the people are similar to our own, and our own trade and reciprocity stimulate that exchange with Europe.

Q. (By Mr. LITCHMAN.) Do you find that our export trade is hampered by the lack of banking facilities controlled in the United States? I mean international banking.—A. Certainly. It is a well-known fact that on all the trade which we have with South America we pay a fine percentage to London bankers for it. We have to do, as a rule, all our banking through London for the South American trade.

Q. Have you any suggestion to make along that line?—A. The only suggestion I have to make would be that what I deem to be perfectly inevitable, that the time will come when we shall have our own banking connections, branch banks from New York in the various parts of South America just as London has them now, and just as Paris has them.

Q. You think it would facilitate foreign commerce then if we had a direct connection?—A. Certainly.

Q. Between the banks of the United States and Latin America?—A. It certainly would, and very strongly so.

Testimony closed.

WASHINGTON, February 11, 1901.

TESTIMONY OF HON. WILLIAM F. DRAPER,

President of the Draper Company, of Hopedale, Mass.

The commission met at 2.35 p. m., Mr. Farquhar presiding; at that time Hon. William F. Draper was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) You may give your name, address, and position.—A. William F. Draper, Hopedale, Mass.; I am president of the Draper Company; my occupation is that of manufacturer of cotton machinery.

Q. (By Mr. CLARKE.) Please give us an account of the formation of the Draper Company and of the establishment and growth of the business previous to the formation of the company, in such brief terms as you please.—A. The Draper Company is the final outgrowth of a business established by my grandfather in or about 1820. He invented what was called a temple for weaving. It is a device which keeps the cloth extended during the process of weaving; and the great mass of these temples have been made in the family ever since. He carried on business on a small scale with a few men, and was succeeded by his oldest son about 1830, and by my father, Mr. George Draper, and his brother, E. D. Draper, in 1852. The business increased, and the manufacture of other machines or parts of machines was added. In 1863, when I became connected with the business, they were employing about 50 hands. Since that time we have gone on as a firm and as stock companies, we having 2 or 3 stock companies, embracing substantially the same owners up to 1896. At that time these interests, which were substantially all family interests, were put into one company called the Draper Company, and we are now employing about 3,000 men.

Q. Have you given special attention in your company to the development of the spindle?—A. Yes. Arkwright was considered and was of course the great inventor in spinning machinery. In fact he is mentioned as one of the great inventors of the world in connection with James Watt, the inventor of the steam engine, etc.; but the improvements that our firm have introduced in spinning since 1870 have increased the production of yarn as it existed in 1870 as much as the invention of Arkwright increased it 100 years ago. That is to say, we have doubled the production of yarn with the same machinery and the same labor and substantially the same power; I refer to cotton yarn.

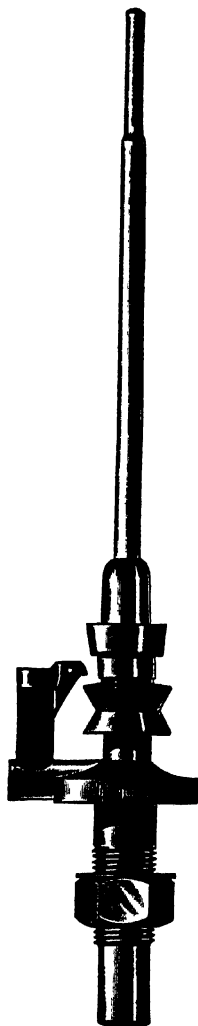
Q. How has this been done, in brief terms?—A. The limit of speed of the spindle (which was the limit of the production of yarn) in 1870 was 5,000 revolutions per minute. At a speed beyond that it was impossible to carry on spinning, because the bobbins would be thrown off the spindles. An invention by Mr. Jacob H.

Sawyer, which our firm commenced to introduce in 1871, enabled the spindles to be run at about 7,500 revolutions instead of 5,000, and we changed over millions of them. In 1878 Mr. Rabbeth, of Pawtucket, R. I., made a still further improvement, which gave to the spindle the power of unlimited speed without the risk which I have already referred to, and the speed is now limited by what the other parts of the machinery will stand rather than by what the spindle will stand; it has, substantially, doubled the speed of the old spindle. I might say a word as to the value of this change. There are, probably, in this country now 15,000,000 so-called ring spindles. The cost of the machines per spindle is about \$4, making \$60,000,000 invested in spinning frames; and these \$60,000,000 are doing to-day what \$120,000,000 would be required to do under the old method. It is an easy calculation to show that these inventions have saved in machinery alone \$60,000,000 to the cotton manufacturers, and eventually to the people of the country.

Q. Have you made improvements in looms also?—A. Yes; we have made extensive improvements, which are now being introduced, by which a weaver on ordinary plain goods runs at least twice as many looms as have been run before. Taking print cloths as the standard, a weaver in Italy perhaps would run from 1 to 3 looms; in England, from 2 to 4; in the United States, from 6 to 8, and with the Northrup loom, which is the one I refer to, a weaver runs 16 to 20, and produces as much cloth per loom and of as good quality as is produced with the smaller numbers named.

Q. Can you give us a brief description of the Northrup loom?—A. Yes. I do not know whether you gentlemen understand the process of weaving, but what is called the filling, which is placed in the warp to make the cloth, is carried in a shuttle, and owing to necessary conditions the yarn in the shuttle is exhausted in somewhere from 2 to 10 minutes, dependent on the size of the yarn. With the ordinary loom when this yarn is exhausted the loom stops and the weaver has to go to the loom, take out the old shuttle, take out also from the shuttle the receptacle for the yarn and put in another receptacle, called a bobbin or cop with yarn on it, suck the end of the yarn through the shuttle, place it back in the loom, and start it. Allowing 5 minutes as the average time for the yarn to be exhausted, a weaver running 8 looms would have to perform these operations every five-eighths of a minute; and that of itself tends to keep the weaver busy. The invention of Mr. Northrup does this work automatically. When the yarn in the shuttle is exhausted, instead of the loom stopping, another bobbin or cop is placed in the shuttle and threaded automatically and the loom does not stop at all. The bobbins are placed in a hopper. When the right time comes one is taken from the hopper by the loom itself and placed in position, and the work continues.

That is the great labor-saving device of the loom, but in introducing it we found that weavers were not likely to go to their looms sufficiently often, when they were not obliged to on account of changing the filling, and that if the warp threads broke meantime the cloth was damaged. So we placed upon the loom what is called a warp stop motion, which stops the loom whenever a warp thread breaks, and thus these bad places in the cloth are prevented. So that what we call the filling changer saves the labor of the weaver, and the warp stop motion saves the watching of the weaver; and, taken altogether, it is easier for a weaver to run 16 looms, for instance, than it would be to run 8 of the ordinary kind. There are cases in the Southern mills, I am told, where they run 24 looms on work that they run 8 on in Fall River on ordinary looms. I do not know that there is any reason why they do more in the South than they do in the North, but I have been told of this fact as existing in the South.



Modern type of spindle.

Q. Has there been a great demand for these new looms?—A. There has been and is a great demand—that is, a comparatively great demand. We made last year about 2,000 per month, and we expect, unless there is something better invented, to make all the looms in the United States during the term of the patent.

Q. That is to say, you think this invention will necessitate the substitution?—A. I think this will necessitate the substitution. I think it will be necessary for cotton manufacturers who desire to make money to put in these looms. That is one of the taxes on manufacturers—the substitution of new machinery when something better is invented.



Northrop Loom with Dobby Head for weaving patterned cloth.

Q. Has anything else been devised to accomplish the same thing, so far as you know?—A. Nothing. There are a great many attempts; but Peter is reported to have followed his Master afar off.

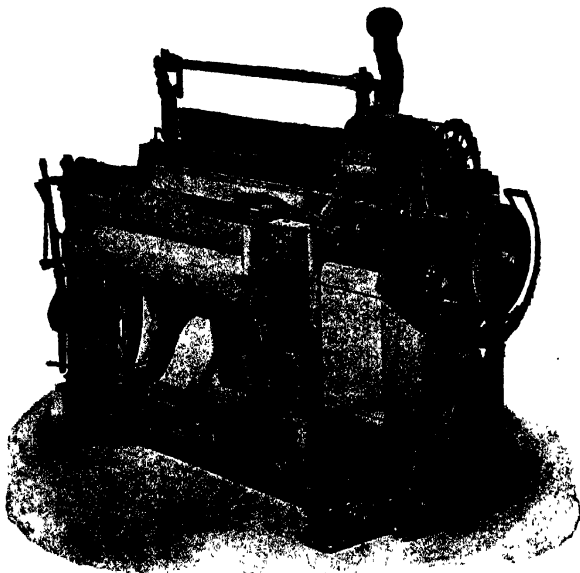
Q. How long did it take your firm to develop this invention so that it was practicable and merchantable?—A. We were 7 years experimenting on it, and came near stopping 2 or 3 times; and it cost us several hundred thousand dollars before we thought it wise to sell the looms for practical use in a cotton mill.

Q. Is Mr. Northrup, the inventor, still in your employ?—A. He is not directly. His wife had bad health and he is now in California. He receives a salary from us.

Q. Able to go to California, undoubtedly.—A. Certainly, or he would not be there.

Q. (By Mr. FARQUHAR.) These inventions of which you speak, can they be acquired by foreign governments, or, rather, by foreign manufacturers?—A. They can, by either ordering the machines over here or by purchasing the patents abroad. In France and Switzerland and Austria the shops are commencing to build these looms.

Q. Under your patent?—A. Under our patents. We have rather held back about introducing the patents abroad, because we felt as though a full introduction here was desirable first, and we have refused many offers that were just a little short of what we demanded from that fact. We thought and still feel that we shall do better to get thoroughly established here and get the American manufacturers on the new basis before starting the looms abroad to any great extent, but this last year there has been a start made.



Northrop Loom for weaving plain cloth.

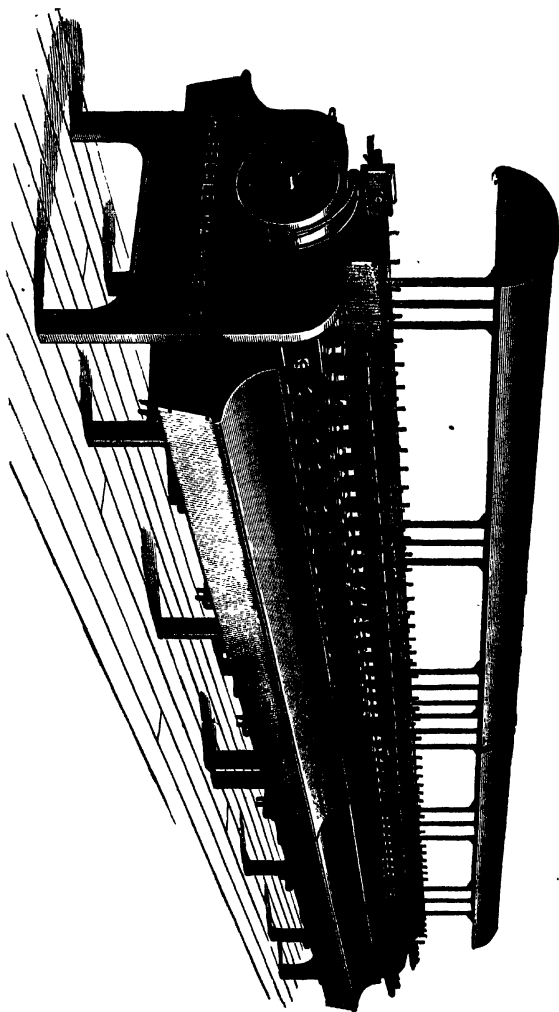
Q. (By Mr. CLARKE.) Do you manufacture ring spinning frames and other cotton machinery also?—A. We manufacture other cotton machinery, but we do not manufacture ring spinning frames. We manufacture the spindles and running parts of the frames and also what are called twistors that twist 2 threads together, and spoolers and warpers (technical terms), reels, and various other machines that are used between the spindle and the loom.

Q. Have you greatly enlarged the capacity of your works within the last year or two?—A. Yes. In 1896, when I went abroad, our capacity was about 1,200 men; it is now 8,000, and I think 6 months from now it will be 4,000.

Q. Is your industry the principal one in Hopedale?—A. Yes; I won't say it is the only one, but it is the principal one. There is nothing else that approaches it in magnitude. We have rather a peculiar state of things, in that we employ more hands than there are inhabitants in the town. Many of our hands come from adjoining towns by street cars and on foot.

Q. Have you many people in your present employment who have been with your company or firm for many years?—A. We have a great many. The proportion is not as large as it would ordinarily be, owing to the great number of new men that we have taken on, but our old hands of 20 or 25 years ago are substantially all there—those who are living.

Q. Have you ever had a labor difficulty?—**A.** We have never had a general labor difficulty. I do not think we have had a labor difficulty at any time which embraced one-twentieth of the hands employed, and waiving a difficulty between one of our contractors and his men, I do not think we have ever had a labor difficulty that included over 20 men.



Spooling machine or spooler.

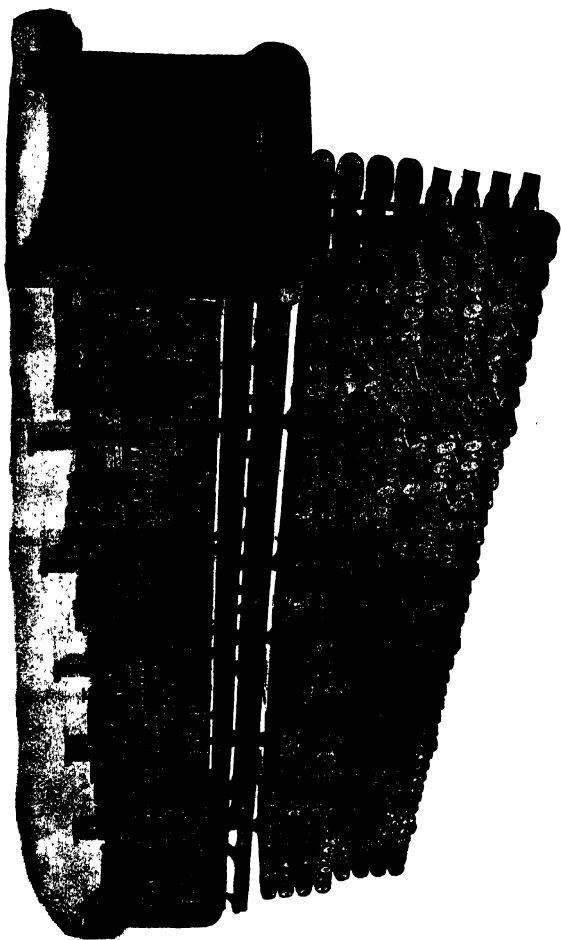
Q. Is your labor organized?—**A.** I think it is organized in the foundry, but the organization does not come to our attention in any way to trouble us. I can either assume that they are content with the way they are treated, or they do not think it wise to raise any question.

Q. Are your employees men entirely?—**A.** Men, yes; there are, I believe, 10 women.

Q. Some youths?—**A.** I do not think there are any boys under 16. There may be a few.

Q. How do you sell your machinery?—A. We sell direct from the home office. We have agents; we have an agent at Atlanta, for example, but he communicates with the home office.

Q. How does the introduction of your machinery in the South compare with its introduction in New England?—A. To-day we are selling more in the South than we are in New England. The increase of the cotton manufacture in the South has been more rapid than it has been with us. For an estimate I should say that last year we sold three-fifths of our product in the South.



Twisting machine or twister.

Q. Have you any idea how your sales compare with the total sales of cotton machinery in the South?—A. I should judge that we may sell from 10 to 20 per cent of the whole. I do not know definitely the business of the other firms, but in a general way I can form an estimate.

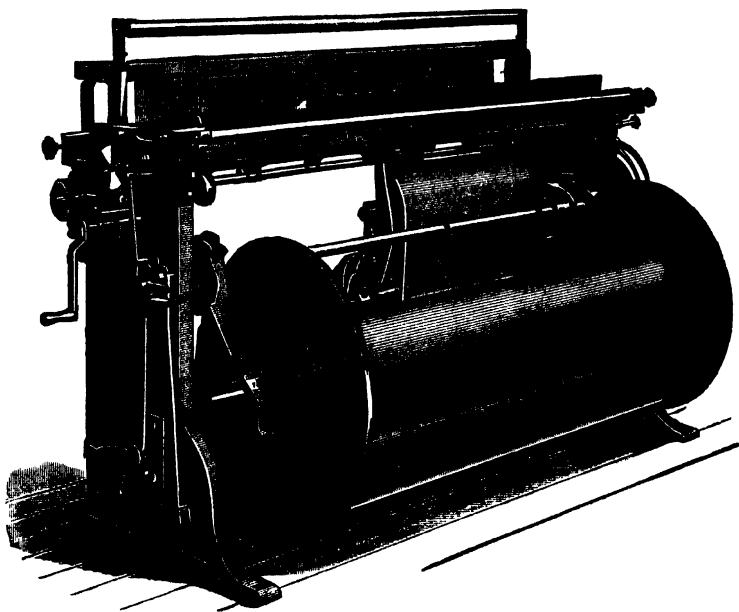
Q. You have been personally a member of Congress and recently ambassador to Italy?—A. Yes.

Q. You have been a foreign traveler in former years somewhat?—A. Yes.

Q. Are you familiar with the conditions of manufacture in European countries and especially in the line of cotton machinery?—A. I might say yes. While in

Italy I had no occasion to visit cotton machinery manufacturers, but I was quite familiar with them before that time.

Q. Will you please give us some of the distinctive features of the differences between their machinery and ours and their methods and ours?—A. The main difference between the English cotton machinery (the great bulk of cotton machinery being manufactured in England for Europe and Asia) and ours is that they make less change and improvement than we do. The great improvements of the last quarter of a century have substantially all come from America and have been very slowly adopted in England. As far as the quality of the work is concerned, American mechanics do better work, better mechanical work in this line on an average than the English mechanics do, in my judgment; and the American machine for the same purpose is as a rule a better machine than the English machine. There may be exceptions, but, taking the general run, I think that is a fair statement. As to the manner of their manufacture, it is not very different, except, I think, we have better machinists' tools in our shops in America, and they pay a materially lower price for labor than we do.



Warping machine or warper.

Q. Do you think they pay a smaller price according to the productivity of the labor?—A. I do; because a great deal of the labor of that kind is done by the piece either in England or America, and piece prices there are substantially lower than they are here. In making a comparison, some years ago, on the exact articles that were made in our shop and in a similar shop in Lancashire, I found we were paying a trifle more than double on piecework what they were paying. I also found that our labor, including every man employed, was then averaging \$12 a week. The head of one of the largest cotton-machinery shops in England told me that a pound sterling a week was their average, and he said that if they found they were exceeding that amount they put in more low-priced men. This was 3 or 4 years ago, but I imagine the conditions have not changed very much within that time. Since I have been living in Italy I have not been in England.

Q. What, then, prevents them from supplying the American market with their machinery?—A. The tariff. On even terms, I think, our manufacturers would prefer American-built machinery, but they would take the English on such terms as could be made if there were no protection or insufficient protection. As a mat-

ter of fact there is more or less English machinery imported now on account of the low price.

Q. Do you think it is chiefly on account of the low price or on account of some peculiarity of some of their machines?—A. As a rule, on account of the low prices. There may be some special machines imported for special work, but if there is much demand the American builders soon take advantage of it.

Q. Are American machines as good in every way, and as well adapted to all the purposes of cotton manufacturing, as English machines?—A. Of all the ordinary cotton-manufacturing machines, I should say, yes, without hesitation. There may be some special work where certain English machines are used; but the ordinary cotton mill can supply itself fully in the United States and get a better outfit of machinery than it would if it bought it in England.

Q. Are you familiar with the other cotton-machinery manufacturing establishments in this country?—A. To a certain extent I know them, and about the extent of their business.

Q. Can you name some of the principal ones?—A. Yes; the Whitin Machine Works, the Lowell Machine Shop, the Mason Machine Works, the Saco-Petee Machine Works, the Crompton & Knowles Loom Works, the American Machine Company, the Woonsocket Machine Company, the Fall River Machine Company, the Fales & Jenks Machine Company, and there are a large number of others. In 1893, when the business was at rather a low ebb, a census developed that there were about 20,000 hands employed in this industry, and the number must have largely increased since that time.

Q. Is the manufacture specialized among these different companies, or are they largely competitive among themselves?—A. They are very generally competitive, except our own concern. We compete in certain lines, but in the great bulk of our business we are at present protected by patents.

Q. Does the foreign competition here affect your concern as much as it does some of the others?—A. I do not think it affects it injuriously at all to-day. We found that we did suffer from it 4 or 5 years ago, more indirectly than directly. To answer the question directly, in that part of our work where we are protected by patents, the foreign competition does not interfere.

Q. Are any of the American manufacturers besides your own concern selling goods abroad?—A. I do not think they are. I do not think it is possible for them to do it; and we are not selling goods abroad that are manufactured in this country outside of samples.

Q. What is the reason for that, when we are exporting machinery of other kinds?—A. Mr. Breckinridge asked me that question once before the Ways and Means Committee, and I told him that I thought the reason was this—that the manufacture of cotton machinery commenced in England and was carried on there before it was begun here, and that the business became fully established and the employees were trained up in it, and there was possibly—probably—an advantage in that. It may be possible that the manufacturers of some other kinds of machinery are abler than we are to produce economically, but we do our best.

Q. Do you think those are the main reasons, or is the difference in wages the controlling factor?—A. I understood you to ask the question, Why our special line of machinery costs more than the foreign when some other lines do not cost more. The main reason why our machinery costs more than the foreign machinery is the cost of labor in wages; but how that difference in cost is overcome in some other lines I am not prepared to state further than I have stated.

Q. Do you think there is any reasonable probability that if the duties on cotton machinery were reduced, the foreign competition would increase in this country?—A. There is no doubt about it. There would either be a corresponding reduction in wages or a corresponding increase of foreign importations and decrease of American production in these lines.

Q. Can you say how we could increase our exportation by increasing our importation?—A. You mean to say generally speaking, or in regard to this special industry?

Q. Chiefly in regard to this special industry.—A. I do not see any chance during this generation of our competing, in making cotton machinery for foreign markets, with the English shops. If the English rate of wages should rise in comparison with ours, that would give the only opportunity that I can imagine.

Q. Have you any complaint to make of transportation facilities, classifications, and rates in this country?—A. No; I think we are fairly treated.

Q. (By Mr. PHILLIPS.) About what percentage of your cost is expended in wages?—A. I can not tell you exactly without investigation. Substantially 40 per cent; but that would not include salaries.

Q. (By Mr. CLARKE.) What railroads extend to your works?—A. We have at our works a small road called the Grafton and Upton, which connects with the

Boston and Albany at one end and with the New York, New Haven and Hartford at the other. When this little road was built they agreed to consider the delivery and reception of goods as delivery and reception at the shop door; so we are fairly well treated on that basis.

Q. Is there competition between the Boston and Albany and the New York, New Haven and Hartford for your business?—A. Sometimes. Ordinarily rates are about the same, but occasionally we can make better rates one way than the other; and of course they cover different territory.

Q. What is the principal raw material that enters into your machinery?—A. Pig iron, bar iron, steel, lumber, copper, and brass are the largest items. Coal is also a large item with us.

Q. Where do you obtain these supplies?—A. We buy the iron at the mines; we get it from Pennsylvania, Ohio, and Alabama; we have steel from Pittsburg, and lumber from North Carolina, from Indiana, and some from California. We are comparatively large buyers and look for the cheapest market.

Q. Do you have to import any?—A. We do not import directly.

Q. Is there any concert of action or agreement for the division of business between the cotton machinery manufacturers, as far as you know?—A. None. There was an effort to get up a combination a year or more ago, but it fell through.

Q. (By Mr. FARQUHAR.) Was there any particular reason at that time given among yourselves why it would be inoperative or impracticable to have that combination?—A. I think one reason for the failure to make such an organization was individual pride in the establishments that have grown up, and the fear that some might be closed to the detriment of the communities where the business was carried on. That was a feeling that I had in regard to our own business; I did not want to see the establishment closed because the business might possibly be done to better advantage in some other place. Another reason, perhaps, was the general fear that this business, requiring a great deal of detail knowledge in its management, might not be so well conducted, and might be more likely to fall apart than if we were dealing in some raw material—something simpler. There is an immense amount of detail to be looked after, and it is, I imagine, more difficult to combine under these circumstances than under the other. I personally confess to having a little prejudice against going into such an arrangement, feeling that I would rather go on in my own way than to subordinate our particular industry to a board of directors that had other interests, or to go out of business.

Q. Then, you would say that there was not really a harmony of business interests in making such a combination?—A. I do not think it would be as easy to make a combination of these interests as it would be of many.

Q. Did not your patent rights stand in your way?—A. We felt we did not need to make a combination as far as we were concerned; that our patent rights protected us. Some of the others objected to the combination, and I think a reason was that they did not want to go out of business or become employees; and they were all fairly well situated.

Q. But there would have been in a combination of that kind an advantage in the whole combine having the use, for instance, of your patents; the other partners in the combine having the opportunity of getting what you might call the usufruct from your patents?—A. I think if you could count on sufficiently good management that the whole business could be done cheaper under a combination than it could be done individually. This could be done: A dozen shops that are making a dozen different kinds of machinery could be so changed that each one of the dozen would make one kind, and there would be an economy in that that would be important. The corresponding difficulty is, I think, the getting of a big enough man with sufficient technical knowledge to manage an industry such as that would be.

Q. Would you call such a combination as that a monopoly, or would you simply call it an evolution in business management?—A. Well, you might call it both. If all the shops in that line in this country should go into one corporation, it would be a monopoly unless there was either foreign competition or new shops built; but it would also be an evolution in business management.

Q. Have you had any orders at all from Asia, from Japan, or China for your machinery?—A. Yes, we have had orders for some of our looms from Japan.

Q. Have they been introduced there?—A. No, they have not been sent; they are on order now. The reason the Japanese take them is on account of the special features I have explained to you. A peculiar state of things exists there. They said that the labor cost was of very little account with them, and they were in doubt whether the labor-saving feature would be of account enough to consider. That is to say, if you can save half the labor at \$1.50 a day it is 75 cents; if you save half the labor at 10 cents a day, it is only 5 cents, and that makes a material difference.

Q. Taking into consideration also the fact that European machinery could be bought cheaper than the American machinery?—A. Yes.

Q. So the economy that was made there, either in the speed of your machinery or the low wages, rather gives an advantage to the English made machinery in the matter of introduction?—A. We are sending 800 or 1,000 looms to Japan, and when they are started I can speak by the book better than I can now.

Q. As far as you have seen, do you think there is much of a factor in the manufacture of cotton goods in Japan and northern China in the future?—A. For the future I think it is a very dangerous matter; for the present I do not think it interferes very much. But if the Japanese and Chinese can go on and continue to make goods at the low price of labor they now have, I think the rate of tariff that we now have on cotton goods will not be sufficient to keep them out.

Q. (By Mr. LITCHMAN.) Are these improvements in spindles applicable to the manufacture of the high numbers of yarns as well as the lower numbers?—A. They are applied up to about No. 100, which is a fine number.

Q. As I understand it, the yarns in the South are mainly of No. 40 and under?—A. Yes.

Q. I wanted to see whether the introduction of these improved spindles assisted in the development of the Southern industry.—A. I think there is no doubt that it does; and the Southern mills, being new mills, have an advantage in having all the latest improvements, while some of the Northern mills are running along with machinery 10 or 15 or 20 years old. That gives the Southern mills an advantage beyond the other advantages they claim. One of the leading manufacturers in New England—I am not at liberty to give his name—said to me within a short time that if anyone would give him a cotton mill full of new machinery of the type built 25 years ago and he were compelled to run it he would not accept it as a gift.

Q. (By Mr. CLARKE.) I suppose you have seen the statement of Congressman Lovering to the effect that cotton machinery is practically antiquated after 10 years of use, although the machinery itself may be as good as it was the day it was put in?—A. I should think he had put the time a little short. If he would call it 15 years, I think I would agree with him.

Q. (By Mr. FARQUHAR.) In the manufacturing concerns you mentioned a short time ago you mentioned no manufacturer in the South at all. Is there any manufacturer of cotton machinery in the South?—A. No.

Q. They are purchasers entirely from you?—A. They are purchasers almost entirely from New England and old England. We have been asked to establish a concern in the South, and I presume someone may do so. There may be opportunities to get repairs in some places, but there is no shop of any substantial size in the South.

Q. (By Mr. CLARKE.) Are you interested in cotton manufacture itself?—A. As a stockholder in mills, yes. There has been a very bad practice for people who build machinery to sometimes take part of the pay in stock. But I think I can say with regard to the Southern mills that I believe I have been pecuniarily better off up to date when I have taken my pay in stock than I should have been had I taken it in money.

Q. (By Mr. LITCHMAN.) Is the lower cost at the South not due partly to the fact that the salaries of operatives in the South, and superintendents, are not as high as in the North?—A. I think that has something to do with it. Wages are lower in the South, and salaries, I presume, are also lower. There is also an advantage in getting the cotton. The climate may be against them, but I think the general opinion is that the Southern cotton mill on coarse and medium numbers has a substantial advantage.

Q. (By Mr. CLARKE.) Is it not generally claimed in behalf of the Southern cotton manufacturer that the climate is in his favor?—A. That I do not know. I have the impression that the greater heat there would tend to bring about some degree of languor, but the Southern mills are certainly very successful.

Q. You see no reason why they may not be successful in the manufacture of finer goods?—A. Not when they have the skill to manufacture them. It requires greater skill in the operative; and I do not think they can expect to take their farmers' daughters and the help that comes to them there and teach them the finer work in the cotton mill without considerable time being required in the process.

Q. In what States and towns are the finest cotton goods made in New England?—A. New Bedford is one of the centers of the fine industries. There is fine work done in Lonsdale, R. I., and at Norwich, Conn. The Manville Company, at Manville, R. I., makes very fine yarn. All of the thread mills spin fine yarn—the Willimantic, and Coates, and Clarke, and Merrick.

Q. And the Berkshire Manufacturing Company?—A. Yes; they spin fine yarn, but there are those that spin finer, I think.

Q. They also weave fine cloth?—A. They also weave fine cloth, and it is a most excellent and successful concern.

Q. (By Mr. FARQUHAR.) You spoke a minute ago of the possibility that in some of the more fancy and finer fabrics English machinery might surpass the American.—A. I need to explain that. The very finest yarn is spun on what is termed "a mule." These new spindles of ours that you asked me about are not applicable to the mule, so that it comes to a question between the American-built mule and the English-built mule, and there are some manufacturers that prefer the English mule.

Q. (By Mr. CLARKE.) Can you describe so that a layman can understand it the main difference between a mule and a spinning frame?—A. A spinning frame is a machine that draws the cotton from a larger to a smaller size and twists it and winds it on a bobbin, and all these operations go on continuously. A mule performs all these operations, but it first draws and twists, and then those processes stop while the yarn is wound, so that it produces only about two-thirds of the time.

Q. (By Mr. LITCHMAN.) The machine moves up while winding up?—A. What is called the carriage runs out while the machine is drawing and twisting and runs in while the yarn is being wound.

Q. (By Mr. CLARKE.) The spinning frame is on the floor?—A. It is continuously in action and occupies a place on the floor. The spinning frame is generally attended by young women and the mule by men, it being considered hard work to spin on the mule, because of the necessity of following this carriage backward and forward.

Q. Are the spinning frame and spinning jenny the same term?—A. Yes.

Q. (By Mr. FARQUHAR.) On account of the introduction of the spinning frame has the mule gone into disuse?—A. Largely.

Q. Are there few mills putting in any mules now?—A. The mule is not put in except for very fine numbers, and on very fine numbers it is thought that the mule is a better machine. I think the mule will in time be exterminated altogether. As somebody has said, it is an animal without pride of ancestry or hope of posterity.

Q. (By Mr. LITCHMAN.) Are any of those improvements applicable to woollen machinery generally?—A. To a limited extent; but I think the Northrop loom will be applicable to woollen machinery generally. Wool spinning on continuous spinners has not yet been introduced to a large extent, though there are a great many experiments in that direction. In spinning wool they use a machine similar to a mule, called a jack, and I presume the word "mule" came from the combination of the jack with the jenny. I think that is the origin of the word.

Q. (By Mr. CLARKE.) You speak of the Northrop loom being adapted to plain weaves. How many harnesses can be used in connection with it?—A. Oh, we sell them largely up to 5 harnesses. There is no reason why it may not be adapted to a larger number of harnesses, or even Jacquard weaving, except that there is comparatively more advantage derived on plain weaving, and it is also for our advantage to push the sale of looms where there are large numbers, rather than smaller numbers, in a lot. We have endeavored to reach what we call plain weaving first.

Q. Are there any cotton-machine concerns which make a specialty of Jacquard machines and dobbies?—A. Yes; the Knowles, Crompton Loom Works of Worcester do a great deal of that work, and there are other builders, I think, in Philadelphia.

Q. Has Jacquard weaving been brought to as high perfection in this country as it has in foreign countries?—A. I am not conversant enough with the facts to say yes or no in reply to that question.

Q. Does that generally require more labor than plainer or ordinary weaving?—A. Yes, and labor more highly skilled, I should say.

Q. It is the Jacquard machine, or the modification of it called the dobby, is it not, which produces figured goods in the main?—A. Yes.

Q. Such goods as ginghams do not require it, but everything embracing a variety of figures in goods must be woven in that way?—A. Yes.

Q. Has there been any essential improvement in the Jacquard machine since its introduction in France, say 140 years ago, or whatever the time was?—A. The general principle of the Jacquard is the same now as then, and the dobby is a variation which is easily applied to looms. I suppose it might be considered an improvement in that view. There had been no radical improvements in ordinary power looms for more than 50 years before these improvements that I have spoken of were made.

Q. Do you think of any statement yourself to which your attention has not been called by an interrogatory?—A. I will say that I appeared to-day without any preparation or without looking up data, because I was not aware that I was to appear before the commission; otherwise I might have had something ready in the line of statistics, but as it is I have nothing to add to-day. I am willing to answer any question.

Q. (By Mr. CLARKE.) How do you think manufacturing generally in this country, particularly in the cotton industry and the cotton-machine industry, would be affected by any changes in the tariff, either by way of treaties under the third and fourth sections of the present tariff law or by way of revision of the tariff by Congress?—A. Generally speaking, I should say that such changes would be injurious. It might be possible to find articles where no harm would be done, but I should not want to take the responsibility of saying there was one such article in these lines without studying the case.

Q. Is it a fact that it is almost inevitable that business is checked when the tariff is under revision?—A. There is no question about that. Whether a man is a protectionist or a free trader I think he will agree to that. The discussion of the tariff with a view to change must necessarily check business for the time being and make disturbance.

Q. So far as you know, are there any urgent needs for correcting inequalities or errors in the existing tariff?—A. If you refer to the lines with which I am especially acquainted, I should say no.

Q. In case there are a few such needs in that industry or others, what would be your opinion as to the desirability of undertaking to meet that demand, in view of the general embargo upon business which a revision involves?—A. I think there would have to be a very serious and troublesome state of affairs to justify the entering into a general tariff discussion. In Rome the question was brought before me of the exportation from Italy into the United States of antiques which are being discovered there and which are being bought by private individuals as well as museums, and it seemed to me that there was no reason for such articles paying duty, but I told the gentlemen that came to me that I was afraid if they went into that that they would awaken a discussion all along the line, and it might be very damaging.

Q. You deem it important, then, that the manufacturing business should have settled conditions, so as to be able to calculate ahead?—A. As nearly so as possible. (Testimony closed.)

WASHINGTON, D. C., February 15, 1901.

TESTIMONY OF MR. LINCOLN GODFREY,

President, Eddystone Manufacturing Company, Eddystone, near Chester, Pa.

The commission met at 10.35 a. m., Mr. Farquhar presiding. At that time Mr. Lincoln Godfrey, president of the Eddystone Manufacturing Company, Chester, Pa., appeared as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) Please give your name, address, and business.—A. Lincoln Godfrey; president of the Eddystone Manufacturing Company, located at Eddystone, near Chester, Pa.; principal offices at Philadelphia.

Q. (By Mr. CLARKE.) What kind of goods do you manufacture?—A. I think there is some misapprehension in the public mind about the printing business which I represent. We do not manufacture cotton goods. Our business is the printing of cotton cloths; and, while we are known as manufacturers, our raw material is the cotton cloth on which we print. I make this explanation because there is a good deal of difference between a manufacturer from partly prepared material and the manufacturer who starts on the product from the raw stock; that is, we start on cotton cloths, which, to us, are raw material.

Q. How long has your factory been established?—A. The business was started, as a private firm, some 50 to 60 years ago. There was a limited liability company from 1878 until about 5 years ago, when it was incorporated under the laws of the State of Pennsylvania.

Q. Will you state the capital and number of hands?—A. We have in our employ about 1,300 people. We are capitalized at \$1,000,000.

Q. What proportion of your employees are men?—A. I should say about 75 per cent.

Q. Is most of your labor skilled labor?—A. No; I should think not more than 80 per cent. We employ men, women, and minors.

Q. Do you employ designers?—A. Yes.

Q. And engravers of the rolls?—A. Yes; engraving on steel requires, of course, a high grade of skill, and we employ people of that kind to a considerable extent.

Q. What do you produce, calicoes and shirtings?—A. We produce all grades of print-cotton fabrics, from the lowest, I might say, to the finest goods that are made on cotton cloths.

Q. Including muslins, organdies, and the like?—A. Oh, yes; and draperies. We are known in the trade as printers of all kinds of cotton goods. We diversify our product. We print on goods worth from 3 cents a yard to goods worth 20 cents a yard in the grey. When I say grey I mean our raw material, grey cloth.

Q. Where do you buy your gray cloths?—A. We buy them all over the country, I may say, in whatever market we can buy the cheapest; but our business rather runs to the finer kinds of cotton goods, and that class of goods is more largely made in New England, so that our cloth supply comes more largely from the New England mills than from the South.

Q. Do you import any of your raw material?—A. We have done so at times when conditions would permit, but at the present time we are not importing any cotton goods.

Q. Do you find that the goods which you are able to get in New England are equal to those which you formerly imported, and that they are satisfactory?—A. They are entirely satisfactory. We can buy in New England cotton goods as suitable for our purpose as we can secure anywhere in the world. The only conditions under which we bought goods abroad were when things were very much depressed there and we were able to bring goods in, after paying the duties, at less price than we could buy them in New England.

Q. (By Mr. FARQUHAR.) At what period did you purchase in Europe?—A. That was during the period of the revision of the tariff laws which now exist, when the duties were lower than they are to-day. With the present duties we find that we are obliged to look for our supply of cotton goods in this country.

Q. Well, how do the prices of the finished product that you turn out compare with the prices in the period when you imported goods?—A. I should feel that on the average they are as low. Of course, the only goods that it was possible to import were goods in which the cost of the labor was a large part of the cost of the product, the labor being lower on the other side than on this side of the water. It was only in fine goods that we were able to import our supply of cloth; the labor would be 60 to 70 per cent of the total cost, and in such cases we were given an opportunity to buy on the other side. But the present tariff has corrected that and we are confined to the home market.

Q. When you imported grey cloths were print goods also imported?—A. To a greater or less extent: with this I am not familiar, excepting by hearsay, because we did not import finished goods. We only imported what would be our raw material.

Q. Do you feel the competition of imported finished goods?—A. At all times; we feel that particularly on fine goods.

Q. Do you sell any goods outside of this country?—A. We do. About 6 per cent of our product goes to foreign countries. We sell largely to Great Britain, Australia, and Canada, as well as to South America and continental Europe. We have found it possible to sell the same class of product that we make for this country. I speak now not of making something especially adapted to the foreign market, but of the foreign buyer taking the product that we make for this country. We have found this possible where there are similar conditions of climate and the people have similar tastes, notably in Great Britain and some other countries; but our success with our product has been most pronounced where style and fine work is appreciated.

Q. How have you been able to work up trade in the foreign countries?—A. We have been at this for a great while. It is only within the last 5 or 6 years that we have added to this business to any considerable extent. Our efforts lately have been directed to putting our own men in Great Britain. We have men working in Great Britain to-day, pushing our products among the stores in the larger cities in that country, and we have found that greater success is attained by people educated in our business at home here. Their energy, their knowledge of the business, and their belief in the product that we make have enabled them to push our business, with the fact that I think our people have been better received in the last few years than they used to be. America is better thought of now in foreign countries, and American products are more sought. We used to be turned down as coming from a country to which England sold; but now, we find in offering our products that the best merchants are interested, anxious to see what we

have, and place trial orders, and these lead to duplicate orders. The working up of foreign business is necessarily slow—that is, it takes time to introduce in the old country the product of a new country; it has to be done slowly, and we must expect it will take time. I have seen a very marked change in the last 4 or 5 years.

Q. Do you always introduce them as American goods?—A. Always. We feel it is an advantage to-day to say that the goods are made in America. I would not have our goods introduced in any other way, and there is no necessity for introducing them in any other way.

Q. Have you trade-marks of your own?—A. We have our own trade-marks and our own names.

Q. And you find it is an advantage to you, in obtaining sales abroad, to use your trade-marks and to put on an American label?—A. I find that it is, but that does not always win the battle; you must have something of recognized character and quality to accomplish it. Our trade-marks are unknown on the other side. Our trade-marks are all right here, but after a name is once made on the other side we find people come back and ask for these same trade-marks. The trade-mark has not been the entering wedge—the quality of a fabric is the entering wedge. The trade-mark is all right afterwards.

Q. You deem it important to have a very desirable class of goods to offer those people?—A. Necessarily. We are coming in contact with the most advanced manufacturers of the world, because the conditions in the English market open it to the manufacturers in our line of all countries—Germany, France, everywhere—so that when we go to England we do not meet only English goods and our competitors of the United States, but we meet the best talent from all over the world; and to establish a business in Great Britain is looked upon by manufacturers as reaching the most critical market in the world—the market where we come in contact with the strongest competition.

Q. How do your prices there compare with your prices here?—A. Our prices there are, everything taken into consideration, freight and matters of exchange, the same as those at which we offer our goods here. We have found that to pursue business there we must, to a certain extent, put ourselves on the same plane as people offering goods in England. For instance, we go to a house in London and we offer goods in pounds and shillings, put down at their own door, agreeing to take exchange on their local banker on the same conditions of credit as they can buy from the home people. In other words, we make the conditions just the same as those under which they can buy at home, and by doing that we have overcome a great deal of the objection raised to trading with us on the start.

Q. Is your proportion by loss—bad debts—any better than here?—A. We have done business in England 4 or 5 years, and have never lost a dollar.

Q. You are fortunate?—A. That is our experience. The class of merchants we have sought there are the best class of people in England, naturally, and they pay their bills promptly and without trouble.

Q. Does your experience there and in other foreign countries encourage you to push for more foreign trade?—A. Decidedly. I feel that the American manufacturers in our line of cotton textiles generally are entering into a period of very extended foreign business, if the present conditions shall be maintained.

Q. Have you found that our protective tariff in this country stands in your way in exporting goods?—A. Not at all. The effect of the protective tariff, as far as I have noticed it in the past, has been to develop very active home competition, which has forced us to look for foreign markets.

Q. You are somewhat familiar with the business of your principal competitors in this country, I suppose?—A. Only by outward acts and hearsay. I have no inside view of their affairs.

Q. Is there large and formidable competition in print goods in this country?—A. It is very active; so much so that in my own experience of 30 years, as I recall it, the goods that our factory made when I became connected with it 30 years ago, those same fabrics based on the same cloth, only of superior workmanship, because the tendency of the times has been to improve the quality, we are selling now for about one-third of the price of 30 years ago. That is entirely due to the active home competition built up by the protective tariff; that is, the protective tariff has drawn capital to the business, and the result has been that we all have been obliged to fight, and survival is attained by watching the manufacture and reducing the cost by improved machinery.

Q. Have there been important improvements in machinery and processes, in the organization of business, and in the distribution of products during that time?—A. Yes, naturally, from this active competition, the tendency has been toward improving the product. As far as our own experience has gone, new machinery has been largely utilized to that end, increasing the product and at

the same time improving the quality of the output. We have doubled the number of people in our employ in the last 25 or 30 years, and I should think in the same time we have about doubled our output. A great deal of additional labor is needed on account of the improved and finer quality of goods produced.

Q. (By Mr. FARQUHAR.) How often do you change designs? Are they season designs or do they last over a season?—A. In a business such as ours we have some staple designs; for instance, staple patterns, such as a polka dot or plain line or neat figure, will go on from year to year, but 90 per cent of our fancy patterns are changed, necessarily, with each season. We find that is particularly so in this country. Our people want something new. We can go back to a foreign market the second time with the same pattern, and our customers are satisfied, but in this country there is a disposition to require new and novel effects every season.

Q. (By Mr. CLARKE.) Is that as true in the cheaper goods as it is in the dearer?—A. It is. There is a great deal of unnecessary taste in the cheaper goods. Our people are very critical.

Q. In your business have you experienced benefit from the Pennsylvania School of Industrial Art?—A. Not to any very great extent, but I think that I can recognize that benefit is coming and will come. Heretofore it has been necessary for us to get skilled labor from the best foreign schools. It is comparatively a new thing in this country. It has to grow; we have to become satisfied, and then they have to learn. Heretofore we have gone abroad for all our designers and all our engravers, and that class of people connected with the artistic part of our work. What they are doing in Europe still affects America. We are hoping in time to set up an American standard for style, but we have not reached that point yet.

Q. (By Mr. CLARKE.) Can you reproduce their styles promptly and perfectly?—A. We can, but we do not do that in all cases. We could do it if it were desirable, but we aim to make some original patterns, but following suggestions that we get from the foreign ideas. To explain: If flowers are quite the thing in Paris to-day we will draw flowers, but not necessarily take the same outline they produce, but we follow their suggestion as to what is the proper thing.

Q. Is there a steady improvement in the artistic features of textile goods?—A. Undoubtedly; very marked. Fabrics that 10 years ago were thought to be quite to the front are far surpassed to-day; and so it goes on from season to season. For instance, when I came to our business 30 years ago our machinery was all adapted to producing patterns of one color; to-day more than half of it will produce from 8 up to 14 color patterns. That has been the tendency—to elaborate, to make something better and more attractive from year to year. There are some printers in this country who still stick to the single-color patterns that are produced on a one-color printing machine, but the more advanced printers are going forward.

Q. (By Mr. FARQUHAR.) In your print colors do your machines with the same revolution run more than 2 or 3 colors?—A. We have machines printing as high as 14 colors with 1 revolution. The engraved rollers placed over the color boxes are so arranged that each color falls into its place in the pattern, so that when the cloth has made 1 revolution over the cylinder of the machine the 14 colors are set each one in its place, making the pattern complete.

Q. (By Mr. CLARKE.) Has there been a great improvement in dyes and colors in recent years?—A. Yes; there have been changes. Aniline and aniline dyes have superseded the old effects produced by logwood, etc.

Q. Do they work equally well in the machines?—A. They work equally well, and make more satisfactory goods for the consumer. The change is largely for that reason.

Q. Do the colors blend better?—A. Yes; and the object in first-class calico printing is to produce colors that will be fast to light, to washing, and to perspiration; and that has been accomplished under the conditions to-day.

Q. So that colors printed upon cotton are practically fast?—A. Colors produced in our establishment, upon which we put our name and stamp as fast, are all put through soap and water to the full extent before they go out of our place. This is done not only in our establishment, but in other first-class establishments where they have due regard for their trade-mark or name.

Q. It is no longer true, then, that if we would have fast colors we must get foreign goods?—A. Not by any means. Our goods are equal in that particular to any goods that are brought from the other side. It is hardly in the line of your question, but it may interest you in this matter to know that England has to some extent spoiled her reputation by filling her cotton with sizing and clay. That is known very generally. America up to this time has avoided processes of that kind, so that our goods are clean, and the cotton and dyestuffs are of a character

that will not be washed out at the first contact with water. We are complimented in England to-day in this particular, and have been asked to produce goods of a kind to be suited to their ways. There is no doubt that the printed cotton goods produced in America to-day are equal to any printed goods made in the Old World. I am not speaking of my own goods only, but of many of those recognized as being first-class goods.

Q. In your opinion has the manufacturer and exporter learned that America's success in foreign markets depends largely upon the excellence of the goods that are exported?—A. Undoubtedly; that is all we have to go on.

Q. (By Mr. FARQUHAR.) Where are your dyes got from, from this country or from Germany?—A. Speaking roughly, about 50 per cent of the materials that we use in the dyes in the rough are produced in America, about 50 per cent are foreign. We produce about 100,000,000 yards of fabrics of various kinds per annum.

Q. Do you find the American dye equal to the European, generally?—A. Yes. To answer that question, for instance, indigo is used very largely in dyeing; that is one of our principal drugs. Necessarily we have to go abroad for indigo, and so it is with reference to other drugs that I might mention.

Q. Have you found that there has been much of an advance in the manufacture and character of the American dyes for the last 10 or 15 years?—A. Yes; they are gradually supplanting foreign drugs; one item after another goes. Those from the other side become supplanted by American drugs, and that process will go on as sure as the development of the business goes on.

Q. (By Mr. CLARKE.) Is it a fact that the duty on some printed goods is as high as the price of the goods in our market?—A. I have no knowledge of anything of that kind. I will answer your question by saying that we are getting for export for many of our goods as high a price as here, and, in fact, a trifle more, to cover the additional expense of landing the goods in distant markets. We are able to go abroad and sell goods at the full prices at which we sell them here. That is, I think, the best answer to your question.

Q. Some people think that when a manufacturer can export successfully he no longer needs a tariff on imported goods to protect him in the home market. What is your opinion about that?—A. Were we an open country, as England is, we would then take from foreign countries their surplus products, which would be dumped in this country with every depression in the market that would occur in England or the Continental countries. The effect of this would be very disastrous to American manufacturers. It is a well-appreciated fact that England, Germany, and France have their periods of depression, and at such times seek a market without regard to costs. The United States is recognized as one of the best markets in the world, and the result would be they would unload here, stopping every printing industry in the United States. There are many people in this country who like to buy exclusive styles made in foreign countries, and who can afford to pay for this class of goods. It is goods of this character that make a large part of the imports of printed cotton goods to-day. We are selling cotton goods for the use of the masses in the United States fully as low as the same character of goods are sold in foreign markets, and we know they are of superior durability, workmanship, and style.

Q. Then it is your opinion that even though you can successfully export goods the duties on imported goods are not inoperative?—A. Not inoperative by any means.

Q. Would you think that same principle would apply to iron and steel and other goods outside of your line?—A. I do not know enough about them to make definite reply, but I am a firm believer that for the good of the country generally we must look to kindred interests. For instance, if the iron and steel interest is depressed, it curtails our production at once, because there is a large mass of buyers thrown out of employment, and the depression is reflected immediately upon us and upon every other industry. Now, we might to-day possibly struggle along without any tariff until there came a depression on the other side, but I can see very disastrous results the moment that appeared; it would shut us up at once. Labor costs so much less on the other side, and where labor comes into the cost, as it does in fine textile goods, we have no chance. It would be a matter of making our labor more nearly conform to foreign labor. That would be the outcome of the thing.

Q. (By Mr. A. L. HARRIS.) What is the effect upon prices after the American factory is closed and the European goods come to be generally sold in this country?—A. Looking at the question from the standpoint of my own industry, my first thought would be how much reduction will my people have to stand to compete with foreign cheap labor. Those men who have been making \$10 a

week would have to work for \$5. That would be the first effect. Then we would try going on that basis if the people would stand it.

Q. But after our factories are closed and that amount of production is taken off the market, what is the effect then upon the price?—A. The English manufacturer or the foreign manufacturer would have so much business and he would probably double his prices in this country at once.

Q. (By Mr. LITCHMAN.) What proportion of the cost of your goods goes to labor?—A. That varies according to the class of work that you are making. Where you are handling the lower grade of cotton goods, the common goods, as we call them, the goods that go to the masses, the labor will be about 35 per cent. When you come to the fine goods, the goods that possibly might be termed luxuries, such as draperies, hangings, fine dress goods, the labor there is about 70 per cent.

Q. The competition by the removal of the tariff would be most largely with the common grade of goods, would it not?—A. The tariff as now laid calls for a lower rate on coarse goods than it does on finer goods or more costly cloths. It has been found wise to maintain this difference in all tariffs that have been laid in the past, up to this time.

Q. (By Mr. CLARKE.) When you said that is the relative proportion of labor entering into the finished product, you referred to the labor that you employ?—A. I did.

Q. Previous to that labor was employed in producing the grey goods?—A. Yes.

Q. And previous to that labor was employed in producing the cotton?—A. Yes.

Q. And in transporting it from place to place?—A. Yes.

Q. So that when you take into account all the labor that has entered into the product from the beginning to the close, what proportion of the final price do you think is labor?—A. I could not answer that inquiry, as it is out of the line with which I am familiar, but it is very easy to make an estimate. The same figures pertain to a certain extent on coarse cottons and spun cottons, and the proportion of the labor is small. On fine cottons the proportion is very much increased.

Q. (By Mr. LITCHMAN.) How many yards to a piece do your goods run as a rule?—A. The number varies somewhat; but when we talk about a piece of goods we talk about 50 yards.

Q. How many pounds will a piece weigh?—A. Those again vary. We use goods that run anywhere from 2 to 20 yards to the pound. We use quite a great many goods that are known as "standard-print" cloth, goods that run 7 yards to the pound; that is, 28 inches wide, 64 by 64 picks to the inch. Then we handle a great many fine goods that run from 5 or 6 to 12 yards to the pound, 36 and 40 inches wide. It is hard to make any average.

Q. Now, to make the comparison complete, can you kindly state the range of prices on the yard?—A. Our selling price or the cost of the grey cloth?

Q. Either or both.—A. I think I have mentioned the cost of the grey cloth before. We print on cloth costing less than 3 cents a yard and on cloth costing 20 cents a yard or over.

Q. And the cloth that would run 7 yards per pound and upward would be that for which you would pay 7 cents? A. No; the finer the goods the more work, necessarily, in the spinning of the yarn and the weaving of the cloth, and consequently with us the light-weight goods are often the expensive goods. For instance, ordinary print cloths running 7 yards to the pound, 28 inches wide, and 64 picks both ways, are worth to-day, in Fall River, about 3½ cents. They have a syndicate down there and they try to hold them at that price. Very fine cottons counting 150 by 200 picks to the square inch, weighing 7½ to 8 yards, we would possibly buy at from 10 to 12 or 13 cents a yard. The finer the goods and the closer the count, the more labor is represented. But if you take an open mosquito netting and then talk about the yards to the pound, why of course you can buy something very cheap.

Q. (By Mr. CLARKE.) Do you think that the reservation of the home market in any way interferes with your gaining foreign markets?—A. I have no reason to think so. In fact, I think that the reserving of the home market permits us to turn out a very large product, which naturally cheapens the cost, and in cheapening the cost you put yourself in better shape to compete with foreign markets. We must do something to overcome the higher cost of labor in this country as compared with the cost of foreign labor.

Q. (By Mr. LITCHMAN.) Is there at present any combination among the print-cloth manufacturers of the United States?—A. There is; there is a combination in the city of Fall River.

Q. On the goods that you make is there any combination?—A. There is not in this country; there is in England a combine of printers.

Q. Do they call it a trust in England?—A. I believe they call it the printers' combine; I do not think they use the word "trust." I have forgotten just what the word is.

Q. To all intents and purposes it is the same thing?—A. They work for that purpose; the combination has a community of interest and purpose.

Q. Is the influence of that combination used to maintain prices or to restrict production, or both?—A. It is used to maintain prices largely; I know that, but as to the restriction of production I am not so well informed. I should judge, though, that one result would work with the other.

Q. Have you had any labor difficulties in your labor establishment recently?—A. Not recently.

Q. How recently?—A. We have had but one difficulty that amounted to anything, and that was in the days of the Knights of Labor, in the fall of 1886. Our people then were almost all members of the Knights of Labor Association—both skilled and unskilled labor. They gave us a tussle then and we fought it out. They approached us on the ground that our people, for the best interests of the employer and the employed, should be members of a labor union, and that nobody else should be employed. We took the position that we had employed whom we wanted to in the past and we proposed to continue to do so. They took an early opportunity to resent that attitude by raising some minor matter on which they called the people out. We have no Knights of Labor in our place now. We have no trouble so far as that organization is concerned.

We have now a very strong union in our place known as the Printers' Union. It is the Calico Printers' Union of this country. They are a very strong organization, and our shop is a union shop so far as that particular branch of skilled labor is concerned.

Q. Do you have a union among the engravers?—A. There is a union among the engravers, but it is not very well kept up. Ours is not a union shop, although we find it wise to a certain extent to conform to the union methods and ways.

Q. As a general proposition, is there any objection on the part of your company to having your people organized?—A. Well, judging from our experience with the Knights of Labor, we should rather have them unorganized. We have no organization outside of this printers' union, and, while we would not use our position, probably, to destroy any labor union, still we would not do anything to favor it.

Q. You find no difficulty in dealing with that Printers' Union?—A. Not at all. They are a very reasonable lot of people. They ask us to fill any vacancies that occur among our printers in our printing department from their ranks. If they fail to fill such vacancies we are at liberty to go outside, and they work with non-union men. But I notice it does not take them long to make them union people after they once get inside. [Laughter.] The printers' union is a strong union. We only have 16 printing machines. I do not think there are more than 300 (now, I am saying something about which I am not fully advised) members of the union in this country. We have 20 printers; that is, we have 16 at regular work and 4 that we use for extra work and night work, so that we have 20 of them. That is one class. We have the engravers; they get about the same as the printers (if that is within the scope of your question); they make from \$26 to \$30 a week.

Q. The intent of my question was to show that, as a rule, the higher the skill of the laborer the more conservatively the labor organization is managed; you find that to be the case?—A. You are entirely right in that; that is the case. I can say for the printers that they have never in my experience made us any trouble. They never object to the discharge of a member of the union if he is not satisfactory to us. They never object to our employing a man outside of the union if they can not bring forward a satisfactory man, and their attitude outside is entirely satisfactory.

Q. If all organized labor was on the same principles, you would have no objection to it?—A. We would not; but judging from our former experience, unskilled labor when formed into unions is not quite so reasonable.

Q. (By Mr. CLARKE.) You have expressed the opinion that the wages of labor in your industry are much higher in this country than they are in foreign countries?—A. Where I have had opportunities of making comparisons, I have found that to be the case; I speak now of skilled labor. Unskilled labor is higher, but not in the same proportion over foreign labor.

Q. Are you able to state about what the percentage is in the 2 grades of labor?—A. I have not looked that question up lately, but my recollection is that in unskilled labor we pay a half more; in skilled labor our wages are 140 per cent higher than the foreign.

Q. Are you making comparisons now between the United States and England?—
A. These comparisons are with prices in England.

Q. How about the continental countries?—A. The labor is still lower in them—that is, the difference would be still greater. I will say that in making comparisons a large number of the skilled labor entering into our place—that is, the engravers, notably—come from the continental countries. They come largely from Alsace—from that section which is the great center of the printing industry in Europe; so that my comparisons there as to designers, machinists, engravers, and that class of people are based on comparisons with labor there and not so much with England.

Q. (By Mr. FARQUHAR.) Under present markets you can maintain living American wages?—A. Yes, yes.

Q. If you had to sell cheaper in the foreign market or the domestic market, the labor price would have to follow?—A. Yes; labor is pretty well paid in this country to-day; skilled labor especially so.

Q. As far as you know as a manufacturer—and your observation goes as to other parties who have gone into foreign markets—do you think that what is called the American wage can be maintained, and that still the American manufacturers, through the more dexterous use of machinery by their mechanics, the swiftest in the world, can maintain their hold on foreign markets against the low prices paid labor in foreign countries?—A. In our industry I think so. Among our people, whether it is due to the American air or the American manner of living, the same man who can turn off only 100 pieces on the other side under the conditions that exist there, whether it is due to the holding down by trade union, or what not, when he gets on this side of the water can increase his labor 25 per cent—that is, he can turn off 125 pieces. That is what enables us to overcome the difference in labor.

Q. (By Mr. CONGER.) Early in the examination, in answer to a question by Colonel Clark as to the future prospects of your export trade, you replied that in your opinion they were very bright as long as present conditions shall continue; won't you please specify what conditions you referred to?—A. If we should have a reduced output in this country, so that we should have to slow down our present method of manufacturing, the cost would go up. Then we would be at that much additional disadvantage in seeking foreign markets. The conditions in this country, with general prosperity, are such that they enable us to run more full. If any of you gentlemen are engaged in manufacturing, you know what the difference is between running a mill full or running it two-thirds, or slow. There are very many fixed expenses; the cost jumps up at once. But if you keep every man up to a full day's work the cost goes down. If we can keep the present condition so that we have a large home market, I do not see why we should not go on and enlarge the foreign market; that is my idea.

Q. (By Mr. CLARKE.) Are you aware of any inequalities or defects in the existing tariff law which you think should be remedied for the improvement of your business and of business generally?—A. I am not competent to answer on that question. Since the present tariff has been maintained I have dropped the question of watching it. (Laughter.) I can not go into foreign countries and buy my raw material. I found that out quite early; so I devote my attention to seeing what I can do with raw material at home.

Q. You have had some experience in manufacturing through periods when the tariff has been undergoing revision?—A. Yes.

Q. In your opinion what is the effect of a general revision of the tariff on business?—A. I do not want to see another one in my time. Those things are very disastrous. I do not want any further changes. Let us have even conditions, and I think we will all do better in the end.

Q. You were speaking about there being a syndicate or combination of manufacturers of grey cloths in Fall River; do they hold a monopoly of that business in this country?—A. They do not. They thought they did, but they made a mistake. They do not hold a monopoly.

Q. You are able to buy from others all the goods that you need?—A. I can not say all, but the minority who are outside of the combination are making the prices and the syndicate are tagging on to it as near as they can get. (Laughter.)

Q. As far as your experience goes, then, you have not been oppressed seriously by trusts or combines in this country?—A. No; I have nothing of that kind on my mind. I have not had any oppression of any shape from any combination; I can not recollect any. It might occur in minor matters—in the purchase of drugs, for instance; I am not familiar with details—but it has not been of sufficient importance to be brought to my notice.

Q. (By Mr. FARQUHAR.) Have you made any attempts in South or Central America or either of the Indies to acquire trade there?—A. Yes; we are making

efforts and selling our goods to a greater or less extent nearly all over the world all this time. When we go to foreign-speaking countries we have to depend more or less upon the local talent. Now, it may be assuming a great deal, but I think the American is better adapted to push American goods than any foreigner we can get, and that is the reason I have found it wise to take men out of my own office and put them in the foreign countries. In the last 5 years we have used men for the purpose of local information, locating in London as headquarters, but we push our business through the efforts of our own trained men.

Q. Do you get any advantage from the consular service?—A. We do not.

Q. Have you ever tried it?—A. We have never tried it in England. We have tried the consuls in some South American countries, but not with any degree of success. I can not recall just an instance, but on several occasions we have made application as to matters of credit and matters of conditions of the market and never have had any information that aided us in any degree.

Q. (By Mr. LITCHMAN.) Are your goods suitable for the China market, any of them?—A. Yes and no. I am not familiar enough with the China market in our print product to know just what is salable there. We have been making some little effort in that direction, but have not succeeded very well yet. There are lots of American cotton goods going to China; you are well aware of that, but they are not just the class of goods we are handling.

Q. (By Mr. FARQUHAR.) If you are able in a measure to dispossess the English of their own home market, would it be of value to you to possess the foreign markets of England in, say, South America?—A. I feel so. As I said a while ago, a step at a time. Step by step we are making ourselves known. The condition of things in the last 5 years has helped the matter very much. Manufactures follow the flag to some extent. America is respected in foreign countries to-day as she was not respected 5 years ago, and that fact has helped the manufacturer.

Q. (By Mr. FARQUHAR.) Have you any general statement to make about the condition of your own business or general business?—A. In reading over your questions there occurred to me a matter upon which you have not touched. I had thought I would like to express myself on the subject. I consider that the present working of our contract labor law as applied to skilled labor is very injurious to the finer lines of the textile industry in this country. We have frequently found that we could not secure skilled labor, engravers on steel, designers, and that class of people—could not get them in this country. We might steal them from one of our neighbors, but he would steal them back again. There were none to be picked up, and in that matter we have found the working of the contract labor law a decided disadvantage to our interest.

Q. (By Mr. CONGER.) In other words, you would like the privilege of going over to Europe and making a contract for skilled labor?—A. For skilled labor. I do not believe in bringing over a horde of people here, but it seems to me that for skilled labor there should be some modification. There are lots of good people over there, and some of them ought to come here to further the production in this country.

Q. What wages are you paying now to the class of labor that you would like to bring in on contract?—A. We pay anywhere from \$26 to \$31 a week.

Q. What would be the scale of wages for that class of labor in Europe?—A. About 60 per cent less.

Q. You mean about one-half?—A. Less than one-half.

Q. In other words, from \$14 to \$17.50 a week?—A. Yes; but \$11 to \$12.50 would be nearer the actual wages received.

Q. (By Mr. LITCHMAN.) Is there not a danger if the bars were let down for what you call skilled labor that that term would be made so elastic as to defeat the terms of the alien contract labor law?—A. I have not given it sufficient thought; but I say that if it were possible to amend that law in some way to let in skilled labor, people, who are as a rule a very valuable class of immigrants, this country would be better off. You can not do better than to let skilled labor into this country. They assimilate with our people and become producers right away, and I think the present working of that law is a detriment to fine manufacturing.

Q. Is not the claim of labor fair that there should be a protection to labor as well as to the manufacturer of goods?—A. I think on broad principles it is right, but those things could be modified in such a way that labor need not suffer. The price of skilled labor has steadily advanced in this country so far as our observation goes.

Q. Is not that fact of general knowledge in foreign countries?—A. Yes; but you take a man who has a family located in a city and who has steady work; he hesitates to start out and come to this country. Yet we find they are very anxious to come if it is intimated to them that there is a job at the other end; but we are

hampered by that law, which does not allow us to go to the extent we would desire. I think it is a matter that deserves the careful attention of our lawmakers, and it is one of the things that is standing in the way of the more rapid development of the skilled and finer manufacturing in our line, as I see it.

Q. Could there not be some mutual concessions on the part of employer and employed if they could meet together in some sort of mutual organization?—A. Well, if you could treat with your own people individually, I think they would all agree with you. There is no difference in our shop; but you have to treat with the union at large, as it were, you know.

Q. My question implied, of course, or intended to imply, that this consultation naturally would be among the more skilled workmen?—A. Yes.

Q. And leading up to a greater forbearance one with the other, perhaps, through that mutual understanding that would come through mutual confidence?—A. Well, that might be possible. I am not prepared to suggest a remedy. I only indicate the difficulty right at home.

Q. (By Mr. CLARKE.) You have a demand for skilled labor of that kind, do you not?—A. Decidedly.

Q. What is to hinder young men in this country from becoming skilled laborers in that field?—A. It takes many years of careful application. Take, for instance, an engraver; the apprenticeship is 7 years. Take a printer; the apprenticeship there, if I remember correctly, is also 7 years. Our young men want to get rich very quickly. They have not the plodding nature of the people of some of those continental countries. It will come in time, I think, but in the meantime we are hampered.

Q. The provision of the present contract labor law permits the importation of skilled labor for purposes of instruction when a new industry is established, as I understand it?—A. Yes; I understand that point was made.

Q. Do you need that instruction?—A. We do not. We simply want the additional skilled workers.

Q. On account of the growth of your business, you have not help enough?—A. On the fine end requiring skilled labor which we have been forced to develop.

Q. (By Mr. FARQUHAR.) There is nothing in the law against voluntary immigration?—A. Nothing.

Q. That is an open field. The law simply covers the domestic industries, and it gives a modification to admit all workers in new industries?—A. Yes.

Q. So that it just opens the field to Europeans or others to come here?—A. Yes; for a new industry.

Q. For a new industry; but there is nothing against a mechanic coming to this country from any point in this world provided he has not a contract?—A. There is not, if he has not a contract; but there is a law which prevents you from going to him and saying, "Here is your passage; come along." They do not want to come until they have some assurance. The minute you assure them that they have a job of this kind in this country you put yourself under the conditions of the contract-labor law. That is the situation.

Q. Well, is it not a fact that there are quite a number of calico printers that have come to this country?—A. Yes.

Q. Immigrants—individual immigrants?—A. Yes; they do come, but not to the extent that the development of the industry in the last few years has required. That is the point against which we ran. We had no desire to go outside of this country.

Q. (By Mr. LITCHMAN.) Has that dearth of material led to any appreciable rise in the price of labor?—A. Skilled labor has been gradually growing higher, as seen in the wages of machinists, engravers, and printers—that class of people.

Q. Does that increase seem larger in your industry than in the general run of industries?—A. I am not prepared to say anything about others. I have only followed my own industry, but I suppose what affects us must to some extent affect others. The disposition, you understand, of all progressive mills in this country has been to improve their product, to reach a higher point of excellence. To do that you want a more skilled man in every position, and we have not had access to as many of that class of labor as we could use to advantage.

Q. How far has this rise in the wage price of skilled labor been effected by the general prosperity of the country?—A. There is no doubt that it has had some effect on it, because it has increased the cost of the product of all mills, and as the people get richer they naturally buy finer goods.

Q. (By Mr. CLARKE.) When a skilled man comes over and finds what good wages he can get here, and knows that there is room for more, why does he not send over for some of his friends and bring them here?—A. You have struck exactly the thing that cost us \$2,000 and expenses. Some man turned up in our place and told our foreman that he knew several men who would be glad to come

over for the same wages that he was getting, and he immediately corresponded with them and told them to come.

Q. (By Mr. FARQUHAR.) He was an informer?

Q. (By Mr. CLARKE.) And you were held?—A. Yes, we were; for telling those men that if they would apply at a certain place they might find some assistance in coming over.

Q. Suppose you had not said that and it had been a matter simply of correspondence between the men themselves, would it not have induced them to come over?—A. They had not the money to pay the passage for themselves and families, and their wives said they should not come unless they brought them and all the children along.

Q. Are not the skilled operatives here now anxious to introduce competition?—A. In our shop, knowing all the conditions and the circumstances and the regular work, they were perfectly willing to help their brethren on the other side by giving them this information and helping them to come. How it would have been had the information gone to the world at large I do not know; I am speaking only of our own shop.

Q. (By Mr. CLARKE.) What kind of an idea would it be for you and a few other manufacturers who need more highly skilled labor to have a conference with some of the labor leaders of national standing and see if you can not agree upon some improvement of that law?—A. Well, I would like to see it improved. I am not prepared to say whether, in the position that I hold or our shop holds to-day, it is wise for me to act in a position of that kind. I am speaking of personal interest rather than public interests now.

Q. Naturally, if an improvement is ever made, it will be as a result of careful comparison of views between those who feel the need of it and those who feel the need of guarding against opening the door too wide.

Q. (By Mr. FARQUHAR.) Is there any other point, Mr. Godfrey?—A. There is one other point. You treat women and minors alike as to hours for labor. We find there are many grown women who would like to make overtime. In Pennsylvania the law, as you know, provides for 12 hours in any one day, 80 hours a week, and many of these women would like to make overtime. We are not allowed to give them overtime. I do not see any reason why a grown woman should not be permitted to use her own judgment as to the number of hours she wants to work, the same as a grown man. I think the restriction as to the hours of labor for children is very proper, but I think it bears rather hard on the grown women as it is now arranged. I am not speaking about the other States, but I am speaking now of the labor laws as applied to Pennsylvania.

Q. (By Mr. CLARKE.) While some grown women might like to do that, and could do it without injury to their health, is not the organization of factories such that it would necessitate other women doing it who are not so well able to?—A. I think the matter of working overtime—of course I am speaking now of our own place, I suppose in some places it might be abused—women could correct the same as men could. In our State we simply treat women and minors the same; they are classed together; the same law to protect them right straight through. There are some women who are as able to take care of themselves as men.

Q. (By Mr. LITCHMAN.) What sanitary arrangements do you provide for your women?—A. We conform strictly in every particular to the factory laws pertaining to Pennsylvania. I can not mention the details, but they are observed in every way. I would say in that connection that we find it a very great advantage to give our people a half holiday in every week; that is, we close at 12 o'clock on Saturday. We believe that a half holiday on Saturday, both from the social and economic and every other view of the case, is a wise thing. People are more regular in their attendance, and they indulge either in sports or attend to family matters on Saturday. It gives them a half day to themselves in which they can look up matters. We find it a very decided advantage. We try to provide for our people. We have a building of which we give them the entire use, have a library, reading rooms, reading matter of all kinds, a room for assembly, a room for games, and look after them as best we can, and as a rule we have a good class of people.

Q. Are those privileges availed of?—A. Yes, quite largely.

Q. Aside from this slight criticism you make of overtime for women, do you find the factory-inspection laws of Pennsylvania oppressive in any way?—A. No. Sometimes the people would like to work a little differently, but as a rule I think they are proper and very fair.

Q. (By Mr. CLARKE.) Is it your opinion that a liberal and progressive policy toward labor, good wages, good hours, good sanitation, and a general good understanding is helpful to your business and to business generally?—A.

Decidedly. We keep in as close touch with our people as we possibly can in every way. We do all we can to stimulate them by offering prizes for suggestions that will help the process of manufacturing, doing all we can by giving prizes to the foreman of the room in which they work, so that he will be interested in bringing forward such ideas. Everything that we can do in that line we find is helpful to our business. The fact that we have had trouble but once, and that at a time when labor generally was in a pretty hard way, would indicate, I think, that our people and ourselves get along fairly well together.

Testimony closed.

BOSTON, MASS., February 20, 1901.

TESTIMONY OF MR. ELMER P. HOWE,

Member executive committee United Shoe Machinery Company.

The subcommission met at 10.05 a. m., Mr. Clarke presiding. At that time Mr. Elmer P. Howe appeared as a witness and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, address, and occupation.—A. Elmer P. Howe; 53 State street, Boston; I am a lawyer and also a member of the executive committee of the United Shoe Machinery Company.

Q. Please go on in your own way and tell the commission of the organization of that company, whether or not it is a consolidation of other companies, give its capitalization, if you please, and the machinery which it produces, the markets for it, etc.—A. The United Shoe Machinery Company was organized under the laws of the State of New Jersey in February, 1899. Prior to that time, and in fact for many years before that time, there had been engaged in manufacturing and renting shoe machinery to the manufacturers of boots and shoes throughout the United States three important companies. One of them was the Goodyear Machinery Company, the principal business of which was the manufacture of sewing machines which sewed two seams in the shoe—the seam which unites the upper to the insole, and which is called the welt-sewing machine, and the stitcher which unites the welt to the outsole of the shoe. The machinery made possible (paradoxical though it may seem) the making of a hand-sewed shoe by machinery. Prior to its introduction machine-sewed shoes were sewed through and through the sole just exactly as pegs used to be put through, and there was a horn that went up in the inside of the shoe and the needle went through the sole and into the horn. That made a seam which showed in the inside of the shoe and was uncomfortable for the wearer. Nevertheless large quantities of cheap shoes are made in that way still, and are known as McKay sewed shoes. By the aid of the Goodyear machines two seams were sewed, first the upper to the insole by a seam which did not penetrate the interior surface of the insole; then subsequently there was a stitcher which sewed this seam that shows on the outside of your shoes, which fastened the welt to the outsole. So in that way a perfectly flexible shoe is made and no seam is present in the inside of the shoe. And that is exactly the way the hand-sewed shoe is made, except the stitches are put in by hand.

With these sewing machines the Goodyear Company also had a line of machines for preparing and finishing the work, but the sewing machines were the principal machines that it made.

None of these machines were sold. They were all of them rented to the shoe manufacturers, and they paid a royalty which, after availing themselves of the discounts, on men's shoes, for the use of both principal machines and the accessory machines, amounted to 4 cents per pair.

During the same period there had been development as a result of the combination of several shoe machinery companies. Among these was the McKay Shoe Machinery Company, which manufactured a large line of machines for driving metallic fasteners for the purpose of uniting the soles of the shoes to the uppers. It also had a line of heelng machinery; and all its machines were put out on the same general plan that the machines of the Goodyear Company were, namely, on rental. But in the case of that company nearly all the machines were furnished to the manufacturers without any charge whatever; they were installed in his factory without charge, only he had to pay for the use of them—in the case of the machinery driving wire of the various kinds—by purchasing wire of the company at a price in excess of the market price for wire.

Q. (By Mr. LITTMAN.) That was not the case with the introduction originally of the McKay machine?—A. They paid so much per pair. The preliminary price was so much. So it was with the Goodyear machine. They always charged an initial price, or premium, as they called it, which reimbursed them to some extent for the cost of the machine and the expense of setting it up and teaching operators to become skillful in handling it. The McKay Shoe Machinery Company, however, within a period of about 5 years has adopted the policy of putting out nearly all its machinery without any initial premium.

They also had a full line of machinery for manufacturing, attaching and finishing heels, for which they got a royalty of about a quarter of a cent per pair.

The third large company, an important company, was the Consolidated and McKay Lasting Machine Company, which was the result of the combination of 8 smaller companies, all engaged in manufacturing lasting machines; that is, to do the work of pulling the upper over the last and attaching it preparatory to its being fastened there by the metallic fastener machinery of the McKay Company or the sewing machinery of the Goodyear Company.

So that there were 8 large concerns which were not competing. They were each confining themselves to their own different lines of shoe machinery manufacture. There was a fourth company, the International Goodyear Shoe Machinery Company, which handled the same machines that the Goodyear Company did in this country in all the countries of Europe, and a considerable portion of the stock of that company was owned by the Goodyear Shoe Machinery Company. There were smaller companies—the Eppler Welt Machine Company, the International Eppler Welt Machine Company, and the Davey Pegging Machine Company—which made specialties, but not of sufficient importance to be worthy of very much consideration, I think, in this matter.

The 8 large companies to which I have made reference, as I have said, were not competitors, so far as the bulk of their business was concerned; but from the way in which they did their business, namely, by renting their machines and deriving all their profit from the use of the machines, it was of vital importance to them to have their machines kept in good running condition in order that they should earn as much as possible and in order that the manufacturers should be satisfied with them. Consequently, in all the shoe-manufacturing centers throughout the country they established agencies where they had to have a superintendent or agent and a force of 1 or 2 clerks and a number of trained men who were familiar with the construction and operation of the special machines.

The Goodyear Company, with which I was connected and with which I am more familiar, had these branch agencies, besides its principal office here in Boston. It had an establishment at Brockton; another at Auburn, Me.; another at Worcester, Mass.; another at Haverhill, Mass.; 1 in New York City; 1 in Rochester, N. Y.; 1 in Burlington, N. J.; 1 in Philadelphia, Pa.; 1 in Cincinnati; 1 in Illinois; 1 in Missouri; 1 in New Orleans, and 1 in San Francisco, besides its agencies in Australia.

The other 2 large companies either had separate establishments of their own conducted on similar lines in all these places or, what amounts to the same thing, they had arrangements with dealers in shoe findings to supply parts of their machines and to send to headquarters for their skilled operators. So whenever one of these machines failed to work or did not seem to be adapted to the work for which it was desired, a skilled man could be called by telephone to go immediately to put it in order.

It had become apparent to the officers of these companies that here in particular was a duplication of expense which ought to be avoided. One set of men in each of the places that I have enumerated could look after machines of all these companies just as well as 8 sets of men; and that was the principal thing that led the officers of the companies to meet and talk the situation over.

There was also a tendency on the part of the companies to buy up patents which might perhaps be availed of by other companies. For instance, I remember once the Goodyear Company wanted to develop a lasting machine adapted to its particular line of work, but all the basic patents in that art were controlled by the Consolidated and McKay Lasting Machine Company. The Consolidated and McKay Lasting Machine Company could not build a machine adapted to the purposes of the Goodyear Company because they had not the necessary improvement patents; and the Goodyear Company had to, and did, develop a machine of that sort at its own risk because it had not the basic patents. In that way the progress of the art was hindered, and if, as was the case, the Goodyear Company went ahead, litigation was the result, making an expense to the companies, profit to the lawyers, and an annoyance to the shoe manufacturers.

All these things became evident to the officers of these companies, and an informal conference followed to see whether by means of a joint agreement some-

thing could be done to ameliorate the situation. A plan of that sort seemed not only to be likely to result unsatisfactorily, but there was also a question about the violation of the statutes of the several States in which they did business, and possibly of the Sherman Act.

A plan of consolidation was then considered, and, although the officers of each of the companies knew pretty well about the business and status of the others, all having done business here in Boston for a series of years, still each was allowed to send its own expert to look over the books and accounts and assets of the other two companies for the purposes of ascertaining whether any plan of consolidation could be devised.

These conferences and negotiations continued for about a year, and finally, without the aid of any so-called promoter or banker or outside influence, a consolidation was agreed upon, taking each company at a price a little lower, quite substantially lower, than its stock was selling for in the market at the time of the consolidation.

The case of the Goodyear Company is illustrative. The capital of the Goodyear Shoe Machinery Company was \$3,000,000, its stocks being divided into shares of a par value of \$25 each. The stock was selling on the market in small lots at \$41, \$42, and \$43 a share, while if there had been any attempt to purchase a block of stock the price would immediately have been enhanced because the stock was not listed and it was somewhat difficult to procure it, and any substantial buying would always result in enhancing the price. The Goodyear Company was put into the United Shoe Machinery Company at \$40 per share, it being assumed, and I think the assumption was right, that that was as cheap and cheaper than the company could be bought for if anybody went out and tried to buy it.

In a similar way the price of the Consolidated and McKay Lasting Machine Company was fixed; that was also about \$40 per share. Those two companies got together first. The leading directors and stockholders of the McKay Shoe Machinery Company were disinclined at first to come in. The Goodyear Company consolidated with the Consolidated and McKay Lasting Machine Company and they had got well started when the McKay Shoe Machinery Company decided to come in, and a price of \$11 per share was fixed for its stock, the par being \$10 per share.

The method of procedure was this: All the directors of the Goodyear Shoe Machinery Company, being large stockholders themselves or else controlling, through their friends, large amounts of stock, sent a circular letter to the stockholders of the company, advising them that the United Shoe Machinery Company had been formed under the laws of the State of New Jersey with an authorized capital of \$25,000,000, divided into \$12,500,000 preferred and \$12,500,000 common stock, (par \$25) of which it was proposed to issue \$8,625,000 of preferred stock and \$8,625,000 of common stock for the purchase of all the stock of the companies which I have named—the Goodyear, the Consolidated and McKay Lasting Machinery Company, the McKay Shoe Machinery Company, the Goodyear Shoe Machinery Company of Canada and the International Goodyear Shoe Machinery Company, the Eppler Welt Machine Company, the International Eppler Welt Machine Company, the Davey Pegging Machine Company, and certain minor companies and some outside letters patent. The stockholders were also informed that a syndicate had been formed which would take sufficient common and preferred stock, in equal amounts, at par, to pay the floating debt of the several corporations which I have mentioned and to provide the company with at least a half million dollars in cash as a working capital. The stockholders were informed that the directors had exchanged their stock on the same terms as were offered to the stockholders and recommended the stockholders to do likewise.

In the case of the Goodyear Company each holder of 100 shares of the Goodyear stock received 80 shares of the preferred stock of the United Shoe Machinery Company and 80 shares of the common stock of the United Shoe Machinery Company, the par of all these stocks being \$25. Circulars of the same tenor were sent out by the directors of the Consolidated McKay Lasting Machine Company, the McKay Shoe Machinery Company, and the International Goodyear Shoe Machinery Company.

Arrangements were made with the American Loan and Trust Company in Boston to issue the stock of the United Shoe Machinery Company, in exchange for the stocks of these various companies, on the terms contained in the several circulars. The result of this arrangement was that all the stock of the Goodyear Shoe Machinery Company was exchanged, and substantially all the stock of the other companies that I have mentioned. There may be 10 or 20 or 30 shares of each of these companies still outstanding, but they are in almost every case where the stockholders can not be found. I think there has been in no instance that I remember a refusal on the part of the stockholder to make the exchange.

In this way the companies were brought together without the intervention of promoters or bankers except the syndicate of the directors to which I have referred who subscribed for common and preferred stock in equal amounts at par for each, and the only profit which they made out of the transaction would have been the enhanced value of the stock which they subscribed and paid for if they had seen fit to realize on it afterwards.

Q. That stock was paid for in cash?—A. Paid for in cash at par. Immediately on the appearance of the United Shoe Machinery Company, however, the stock went up. The preferred stock sold for as high as \$28 a share, and I think a little of the common stock sold as high as \$38 a share, and for quite a period the preferred stock brought \$26 or \$27 and the common stock from \$34 to \$36 a share.

Q. This exchange was on the basis of \$25 a share?—A. Yes.

Q. (By Mr. CLARKE.) Is the stock of the United Shoe Machinery Company listed?—A. It is listed on the Boston Exchange. Until the last year these several corporations that I have mentioned retained each its own business, the United Shoe Machinery Company owning substantially all their stock and its directors being the directors of these several corporations. During the last year all their assets and all their property that is assignable have been conveyed absolutely to the United Shoe Machinery Company, so these corporations now maintain their existence simply for the purposes of preserving their franchises and for the purpose of holding such property as can not be assigned. For instance, contracts with inventors and some licenses are by their terms made unassignable, and these still have to be exercised in the name of the constituent companies until such time as arrangements can be made to secure the consent of the other parties to an assignment of them to the United Shoe Machinery Company. All these matters take time; but I anticipate it will only be a question of time when all the property of every form and nature of these constituent corporations will be absolutely vested in the United Shoe Machinery Company.

Q. Does the company employ inventors who continue improvements?—A. Yes; it has retained all the inventors that were employed by the constituent companies, and has taken on several new ones. There has been no cutting off of the inventive talent, nor has there been any cutting off of men in any of the departments. There are more workmen employed by it in its factories than were ever employed by the other companies, and the number of men throughout the country employed at the agencies, which I have mentioned, for the purpose of superintending the erection of machines and looking after their operation has not been reduced. That perhaps would not have been anticipated to be the case. The principal reason is that the business has increased greatly since the consolidation as a result of prosperity in general business. Another reason is found in the better service rendered to manufacturers, which has resulted in a more extended use of machinery. So we have not found it possible, as I am informed, to call in any of the men employed by the company.

Q. (By Mr. LITCHMAN.) Your consolidation covers more particularly, if not exclusively, the machines used for attaching the soles to the uppers?—A. It goes but little beyond that. We have some finishing machinery; no machinery that is used on the uppers of the shoe. It may be stated in this way: It is confined almost exclusively to machinery that is put out on rental and royalty. There are still rental machines controlled by other companies, for instance, the button-fastening machines—

Q. (Interrupting.) The Reece buttonhole machine?—A. Yes.

Q. (By Mr. CLARKE.) Where do you manufacture?—A. We have a factory in Boston employing 400 or 500 men; a factory at Winchester, Mass., now using about 650 men, and another factory at Beverly, Mass., where 300 or 400 men are employed.

I should also say that since the organization of the United Shoe Machinery Company it has combined the interests of the International Goodyear Shoe Machinery Company in its European business and all the foreign business of the McKay Shoe Machinery Company and the Lasting Machinery Company in European companies, one of which is located in England, another in France, another in Germany, and another in Switzerland, and with these have been combined certain local interests which have been purchased during the last 2 years. So that while the United Shoe Machinery Company itself confines its business to the United States and to Australia, it controls the corporations in Canada and Great Britain, France, Germany, Switzerland, and through them practically the whole of the manufacturing territory in Europe.

Q. Then the machines which it uses abroad are made abroad?—A. So far as is necessary to comply with the patent laws of the country. Where it is not necessary the machines are manufactured here, because they can be made to better

advantage here than abroad. They are complicated machines, made upon the principle of interchangeable parts, which require expensive machinery for their construction, and in order to make what is a comparatively simple machine, which, for instance, would cost \$75 or \$100, it may be that \$30,000 or \$40,000 worth of special tools are required. That perhaps is why, it may be proper to say, in the business of shoe machinery no manufacturers or companies engaged in manufacturing machinery have been permanently successful who have not adopted this royalty plan, and the reason of it is this, that for every successful machine that is developed a half dozen experimental machines are worked up—carried to the point where their failure is demonstrated—and the amount of money sunk in such experiments bears a large proportion to the cost of doing the business. When a successful machine is found, there is unavoidably a large expenditure in order to make the necessary special tools for the manufacture of the machine with duplicate parts so it can go all over the world.

Q. (By Mr. LITCHMAN.) Have you also consolidated the manufacture of machines?—A. We have not as yet.

Q. Do you contemplate that?—A. We hope to reach a time in the near future when we shall have a large factory with our own foundry. At the present time the company has to purchase all its castings. We expect to have our own foundry, and by the aid of consolidating these different manufactures we can dispense with the reduplication of large and expensive tools.

Q. Do each of these companies have their own special line of manufacture?—A. Yes; except so far as the increased business has required the transfer of business from one factory to another to help out. For instance, at the Goodyear Company there is a large demand for cams of a particular kind—more than they can turn out in the given time. We send them to the Beverly factory and ask them to help out. They simply make those particular parts, and they are sent back to the Goodyear Company to be fitted and sent out. That involves a good deal of transportation and delay which would be avoided if the factories were all together. There would also be some saving, probably, if the factory was on one lot of land in superintendence and general supervision.

Q. Is your organization the only shoe machinery company in the field?—A. It is not; there are others. Our shoe machinery company is altogether the largest, and supplies a very large proportion of the machinery for the purposes for which it makes machinery.

Q. Your company controls the leading business of shoe machinery?—A. It does in its lines.

Q. Does the Flagg Manufacturing Company deal with shoe machinery similar to yours?—A. In a separate stage of the manufacture of the shoe, as I am informed. I know very little about it. As I am informed, the business of that company consists in machines which cut out the soles, known as rounding machines, and in machinery for finishing the bottoms of the soles after the shoe is made, known as buffing machines.

Q. (By Mr. CLARKE.) Has the introduction of the Goodyear machinery practically revolutionized the fine shoe manufacture of the country and of the world?—A. Yes. Ten years ago in the shoe stores in Boston there were, with the exception of imported shoes (Waukenfast shoes or some other English makes) very few shoes that a gentleman wanted to wear. There was no variety in sizes or shape carried in stock by the retail shoe manufacturers, and a man who wanted good shoes resorted to the custom shoe manufacturers, and paid anywhere from \$10 to \$15 for a pair of shoes. I myself, having somewhat difficult feet, was accustomed to pay a man \$16 a pair for shoes. At the present time shoes containing just as good material, just as well made, can be purchased for \$5 or \$6 a pair, and shoes good enough for anybody to wear can be purchased for \$3.50 and \$4 a pair at the shoe stores, and they are all made by the machines of the Goodyear Company. The cheapness in cost of production has led the manufacturers to carry in stock a wide range of styles and sizes, so that unless a person has some deformity or peculiarity about his foot he can go into almost any shoe store and get a far better fit than the average custom shoe manufacturer used to give him. The result of the introduction of this machinery has gone still further, in that shoes such as are worn by people of limited means can be made which are really good and durable and extremely comfortable shoes. I think they are sold as low \$1.75 and \$2 a pair. They contain good material and are made in the same way as hand-sewed shoes.

Q. (By Mr. LITCHMAN.) Have you ever made a calculation to learn the number of different machines used in the production of a shoe at the present day?—A. I never have.

Q. Do you recollect the days when the Grover and Baker sewing machine was the only sewing machine used in the manufacture of shoes?—A. Yes.

Q. And you followed the development of the industry down through the McKay machine to the others you have mentioned?—A. Yes. Long before I was connected with the shoe-machinery business in anyway I knew about the shoe manufacturers, particularly in heavy work at Worcester, Mass. At that time no machinery was used at all except pegging machines. Nearly all the work made there was pegged work, and nearly everybody, except on Sunday, wore pegged boots or shoes. Men did not wear shoes at all in those days; they wore long-legged boots. Now the manufacture of long-legged boots, except for use by miners and lumbermen, has almost ceased.

Q. This introduction of machinery has brought about an almost infinite subdivision of labor in the different parts of producing a shoe?—A. It has. In the larger manufactories each operative does some particular part only in the manufacture of the shoe, in which he or she, as the case may be, becomes very skillful. In many cases they operate by piecework, so that the wages of operatives in the manufacture of shoes has been substantially increased over what they used to earn in the old days when they worked by hand. In fact, I remember when nearly all the manufacture of shoes in New England was conducted on the plan of cutting the stock out at the manufactory and then sending it out to people who did the work in their own houses.

Q. Or in little 7 by 9 shoe shops?—A. Yes; in little shoe shops attached to their houses; and the men, women, and children all turned to and made up the shoe—the man doing the heavier work, pegging by hand in those days, or sewing, where they made turned shoes, and the women the binding. All that has gone by and the work is now all done in the factories. The result is not only that better work is done and more of it, but the working people get more and better pay than they ever did before.

Q. (By Mr. LITCHMAN.) Are you familiar enough with the wages paid to the shoe operatives to indicate if there has been any substantial increase in them, say within the last 2 or 8 years?—A. I am not; I am not familiar with that question at all.

Q. (By Mr. CLARKE.) How about the wages in your own factories?—A. I think there has been no substantial change since the organization of the company. The constituent companies were paying good wages; in fact, the ruling wages for machinists, skilled machinists, and I think there has been no substantial change in those prices.

Q. Have you had any labor difficulties?—A. In one instance, at the shops at Winchester, there was an incipient labor difficulty, owing to the desire of the men to form a union in our factory. There is no other industry in the town of Winchester except the United Shoe Machinery Company's factory. The strike fell through chiefly, I think, because they did not proceed in the right way, and did not secure the affiliation of the other labor unions. That has been the only one. It was not a strike for wages at all, but it was a demand for the recognition of this alleged lodge, and when they lost the support of the national lodge—if that is what it is called—and the other trade unions, why, it fell through, and all the men went back to work; so that we now have about 650 there at work.

Q. (By Mr. LITCHMAN.) You have had an increase in the number of men put to work, you say?—A. Yes.

Q. There must necessarily, then, have been an increase in the amount of work that each man has put at his disposal, if you have been compelled to put on extra help?—A. I think all the men that the company employed had to work at their full capacity, but the increase of work has necessitated putting on additional operatives.

Q. And there has been no increase in wages?—A. I think not; I am not aware of any. There may have been in individual instances, but I mean as far as any general increase is concerned.

Q. The paper here suggests that your company tried to purchase the companies embraced in the Flagg Manufacturing Company?—A. I think there were some negotiations, although I personally know very little of them. I think perhaps it would be better to say that they tried to sell them.

Q. Possibly. It states here you tried to purchase them.—A. At the present time all I know about it is that the United Shoe Machinery Company is selling all the Flagg Mfg Co. goods outside of the United States. The United Company, through its affiliated companies in Europe, can handle its goods at very much less expense than any single company can go to work and establish agencies in those countries.

Q. You say that your machines are leased in all instances to the shoe manufacturers?—A. Yes.

Q. Under an agreement with them?—A. Under a printed agreement.

Q. Are these agreements generally satisfactory to the manufacturers?—**A.** That is hard to say. I think that in the practical working of them they are, but in certain instances there is an objection on the part of the manufacturers to sign, somewhat as there always is when an individual hires an office or hires a house of one of the large real estate companies here in Boston and he reads the iron-clad provisions of the lease. He is at first repelled by them, but when he realizes that if he wants the premises he has got to sign that lease, and when he further realizes that if he pays his rent and uses the premises in a proper way the iron-clad clauses of the lease will give him no trouble, he signs it.

Q. Have you had any friction recently with the shoe manufacturers in relation to those leases?—**A.** There have been extended negotiations with a committee of the New England Association of Boot and Shoe Manufacturers to accommodate them with a lease which would permit them to use certain machines without being obliged to use all the machines of the United Company. The position taken by the company at the outset very soon after its organization was this: That if the manufacturer would agree to use all the machinery of the United Company in his factory which he could use to advantage, the United Company could afford to give him a better rate than it gives the manufacturer who simply used one machine or machinery in one department. To put it in another way, if a manufacturer would use our lasting machinery, and our heeling machinery, and our sole-fastening machinery all through the factory, he perhaps would have work enough so that, if his factory is situated at a distance, we could readily afford to send a man there, and even if it does take a whole day to look over his factory, it is not done at an expense which would be inordinate, whereas if he has got only a few machines the expense of looking after those machines may be very much enhanced.

The result of these negotiations, as perhaps you know by the papers, has been that provision has been made for a lease for those manufacturers who simply want machines in one department; and in the case of the metallic department, which has been mostly discussed, that was granted upon condition that the manufacturers pay for that privilege 10 per cent more for the fastening materials they use than those who use all our machinery; and so far as the matter can be settled between the committee and the company it is now settled. During all the negotiations the proceedings have been entirely amicable; I think there has been no disposition on the part of the committee to accuse the company of any high-handed procedure, nor has there been any ground of complaint by the company as to the attitude of the manufacturers.

Q. What has been the result of your exclusive contract or agreement to new inventions?—**A.** The existence of the company has not continued long enough to demonstrate that. The policy of the company, however, is to foster new inventions and to improve machinery as much as possible in order to maintain its hold upon the business and in order to be able to supply manufacturers with the best machines, so as to keep them in advance of what is developed by anybody else; in other words, so as to make the income of the company as permanent as possible.

Q. Would not an inventor be virtually compelled to sell his invention to your combination?—**A.** By no means. Before the combination—if it was in the line of either of these 3 principal companies of which I have spoken—he had to sell it to one or the other of them or else he had to go out and enlist outside capital to develop the machine, and he had to run the risk then of going against patents that were owned by those companies. So long as there is a patent outstanding which is a basic patent, it makes no difference whether it is held by a corporation or whether it is held by an individual. I see no danger of good inventions being smothered.

Q. Do you think that if an inventor is estopped from selling his machine, which may be an original invention or original machine, and the manufacturers will buy their machinery from your company, that to that extent at least he is forced to sell that invention to your company, and possibly at a price less than would otherwise be the case?—**A.** Possibly; but as is stated in the report which the committee of the national association made to its clients, after taking the opinion of Mr. Richard Olney, Mr. Moorfield Storey, and Mr. George N. Goddard, who are, as you know, eminent counsel, "It is not possible to write a contract so strong as to compel the world to use a system when a better is obtainable. Whenever any one machine or system of machinery is created that will do the work better or cheaper than that of the United Shoe Machinery Company, it will make its way."

Q. Is there any encouragement to invention among your employees by bonuses offered?—**A.** There is no definite contract nor definite sum offered, but it has always been the practice to either allow a man the full privilege of disposing of his invention as he pleases or of giving him something for it in case the company

adopts it. That, of course, does not apply to inventors whom we have on a contract. Certain men are hired for the purpose of inventing, just the same as lawyers are hired for the purpose of protecting the legal interests of the company.

Q. You consider that sound business policy on the part of the company that you represent to perfect to the fullest possible extent the machines that you sell?—

A. Yes; there has been no diminution in the promotion of inventions in every direction, and I think that as soon as the company ceases to pursue that policy it will begin to retrograde.

Q. You think that your company holds a commanding position in shoe machinery here, then?—A. In its line; yes.

Q. Is there any legislation of State or nation which in any way interferes with the successful management of your company?—A. I think not, except the question of taxation in the different States.

Q. That is a local matter?—A. It is a local matter.

Q. Have you any remedies to suggest in that direction?—A. I do not know that I have given the subject such consideration as would make it advisable for me to express my views further than to say that I concur in the general view of the desirability of a national corporation act, if it can be constitutionally secured, so that there shall be no question of the right of a corporation to do business throughout all the States and Territories of the country without the imposition of annoying restrictions by the States.

Q. Have you any suggestions to make as to patent laws?—A. I think not.

Q. You think they are on the whole beneficial to the inventor and the public?—A. I think they are. If there could be legislation which would lessen the expense of patent litigation, it would be a thing that is most needed.

Q. And hasten the decision?—A. Hasten the decision and lessen the expense. At the present time a person without considerable means can not afford either to prosecute or to defend a patent suit; and judging from the way the courts are constituted and the way the evidence has to be taken I do not know that the expense could be lessened particularly.

Q. What would be the effect of reducing the tariff on articles manufactured of steel as applied to the machinery which you use?—A. I hesitate to express an opinion on that question so far as the company is concerned. Personally I think it would have no effect whatever. The amount of raw material which enters into our machinery is so slight in comparison with the skilled labor that is put onto that material, that a diminution of 50 per cent in the cost of the raw material would represent very little in the cost of the machine.

Q. But the duty covers the finished article?—A. There is no shoe machinery imported into this country.

Q. Could there not be if there were no duty on steel or iron?—A. I think the patents and the skill in manufacturing would enable this country to control its own market.

Q. Is the life of a patent coincident in this country and in foreign countries?—A. The term in some of the foreign countries is shorter; in England it is 14 years, in France 15 years, and in this country 17 years; but if the patent was taken out first abroad then the term of the United States patent ceases with that of the earliest foreign patent.

Q. (By Mr. CLARKE.) Is there an increasing foreign demand for your machinery?—A. The foreign demand is increasing very rapidly, particularly in Germany, as the German manufacturers have awakened to the fact that American methods of manufacture of shoes must be introduced if they are going to hold their own market as against the importation of American shoes. Consequently the larger of the German shoe manufacturers have sent superintendents and their sons to this country to acquaint themselves thoroughly with the American system, and it is rapidly being introduced into Germany; and while there was and still exists a prejudice against hiring machines and paying a royalty for them, nevertheless they all want American machinery, and they are unwilling to use the machinery that is made in Germany.

Q. Do you anticipate that your company in Germany will be able to produce machinery as good and as economically as your companies here?—A. We have a small manufactory in Frankfort with American superintendents and 2 or 3 American foremen. Some of the castings up to the present time have been sent from this country, because it is difficult to procure castings there made of suitable material to afford sufficient strength for a given size of the parts. The machines which have been built there so far are very satisfactory, but in the small numbers in which they have been built the cost is necessarily more than the cost of making them here. Of course, we get an advantage in manufacturing there in the saving the duty in Germany; there is a duty which amounts to 25 or 30 per cent.

Q. (By Mr. LITCHMAN.) What is the comparative cost of the labor?—A. The labor is very much cheaper there, but is by no means as efficient. Counting the productiveness of the labor, the American labor is the cheaper, even at the higher price. That, however, is my personal opinion.

Q. (By Mr. CLARKE.) Are we superior to them, also, in the organization of business?—A. Vastly.

Q. That has as much to do, sometimes, as the superior skill of the work people.

Q. (By Mr. LITCHMAN.) Are you familiar with the Blake Goodyear Company, of London?—A. The company is no longer in existence.

Q. It has recently gone into liquidation?—A. The successor to it, the English and American Shoe Machinery Company, has gone into liquidation.

Q. Do you know anything as to the cause of that trouble?—A. I think it was due partly to competition and partly to the fact that they had no means of keeping themselves provided with improved machinery. That company was unfortunately situated in this respect, that it had no factory of its own. It procured certain of its machinery from this country from the McKay Shoe Machinery Company, of which I spoke. The rest of its machinery was built for it by an independent concern in England, and the terms at which the English concern was supplying the machines were such that the English and American Company could hardly continue and make any money. Its revenues were falling off year by year.

Q. (By Mr. CLARKE.) Do you have any central depot of supplies for your several factories and also duplicate parts of machines to be sent all over the world?—A. The duplicate parts of machines are kept in stock at the several factories of which I spoke, but the smaller stocks are kept at all the different agencies. So far as the purchasing of materials is concerned, I think that, although there is a supervising purchasing agent, almost all of them are made, as they formerly were, by the superintendents of the different factories.

Q. Where is your general office?—A. In the Albany Building at the corner of Lincoln and Kneeland streets, Boston.

Q. How many people do you employ there?—A. Really, I do not know. In the report made to this commission last year, it was stated that we had 122 clerks and I think the most of them are employed at that office.

Q. (By Mr. A. L. HARRIS.) How do the leases of the new company compare with the leases of the old companies?—A. They are substantially the same as the leases of the old companies except that in some of the leases introduced by the new company the requirement is made that the lessee shall use all our machinery in all departments where it can be used to advantage, and also except in a provision that if the lessee defaults in the observance of any of the conditions of 1 lease—for instance, by failure to pay his royalty, so that the company is entitled to cancel and annul that lease—the company also has the right to cancel and annul every other lease which it has given, on the principle that if a man will not pay his rent for 1 set of machines he will not pay them for the other sets.

Q. How does the rental value compare with the old rental value?—A. The rental values for most of the machines are the same. In case of turned work, which is a class of work in which only 1 seam is sewed in uniting the upper to the sole, there has been a reduction of about 50 per cent in the royalties. In the line of metallic machinery, in which wire is used, there has been during the past year and a half what is equivalent to a reduction in that no rise in prices has been made by reason of the largely increased cost of iron and copper during that period. Had the old company continued the business, it would have been compelled to increase the price of material; but by reason of the large business we have been doing we have been enabled to avoid making any increase in price, and that amounts to, I believe, something like \$150,000 saved to the manufacturers. In general there have been actual reductions in the rental, and where the manufacturer uses all the machinery there has been in one way or another a reduction given to him.

Q. (By Mr. LITCHMAN.) Will you explain just a little more in detail the manner of collecting the royalty?—A. In the case of the Goodyear machines the royalty is paid monthly by the shoe manufacturer. He has a book of blanks on which he enters the number of pairs of men's, women's, and children's shoes made by him during the month of January, for instance; on or before the 10th of February he sends that memorandum into the company, and the royalty is computed and the bill sent to him. Or, if he so desires, he can send in the complete statement himself, with a check for the amount due. When the royalty, for instance, on men's shoes is charged him at 8 cents a pair, if he pays before the 15th of the month he gets a discount of 50 per cent, which makes a net royalty of 4 cents. In nearly every instance, of course, that discount is obtained. That was the principle on which the old Goodyear Shoe Machinery Company did its business, and it has been retained by the United Company. In the case of the lasting machines, they are

put out in two ways—one in which a man pays an initial premium for the machinery and a half cent per pair royalty on them monthly on the same plan; in the other plan, if he gets his machinery installed for nothing, he pays five-eighths of a cent per pair royalty. In the case of the heel machines, he pays a quarter of a cent a pair monthly.

Q. Are there any telltales attached to the machines so that you can tell what has been done?—A. There are indicators attached so that you can tell whether the machines are used or not, and from which you can ascertain the extent of their use.

Q. Do they enable you to form an idea substantially of how much they are used?—A. The indicator gives the number of revolutions of the main shaft, which has a number of cogs, which number is equivalent to the number of stitches; so that we know the number of stitches made, and we know the number of stitches in the average shoe—with a percentage off for shrinkage—so that we can tell whether the manufacturer is honest or not. In the case of what is known as the metallic-department machinery, the royalty is paid by the purchase of our material; all the wire of various kinds for the fastening machinery is purchased from the company at prices which include the royalty. These royalties, in whichever way they are collected, are uniform throughout the entire country to all manufacturers, no matter what quantity of work they do. The small manufacturer gets the same terms practically that the large manufacturer does. They are uniform, and there are the same conditions throughout the country.

Q. Is the lasting machine adapted to all classes of work?—A. Yes; we have lasting machines that are adapted to all classes of work.

Q. Have they been as successful in the higher class of goods?—A. They are more successful, if anything, in the higher class of goods. Patent-leather shoes can be lasted better by the machine than they can by any hand lasting.

Q. It has been testified before the commission that in the finer class of goods the machines have been found not so desirable as in the comparatively coarser or cheaper grades?—A. I think that is not true. I know that in the highest class of factory-made shoes the machine lasting is better than the hand lasting, in addition to its being more uniform. Perhaps it ought to be said there that the lasting, so far as hand lasting is done in most of the factories under my observation, is done by Italian labor—imported labor—and the quality of work done by those people is nothing like as good as the work that was done by the old-fashioned hand lasters. That race of men has almost gone out of existence.

MR. CLARKE. Mr. Stimson, counsel for the commission, is present and I will ask Mr. Stimson if he would like to interrogate the witness.

Q. (By MR. STIMSON.) I have 1 or 2 questions. The usual definition of a "trust" given by witnesses before the commission is that it is a "practical monopoly." I would like to ask whether you consider that the United Shoe Machinery Company is a practical monopoly?—A. It is a monopoly only to the extent that by its diligence in securing patents and by its enterprise in furnishing manufacturers with the best machinery it has secured a control.

Q. Do you think it would be possible for a newer company, even with large capital, to make a successful competition?—A. It would take a new company quite a number of years, I should suppose, to reach the efficiency and afford all the facilities that the United company does afford; but, except so far as patents give it a control in certain lines, there is no reason why a combination of brains and capital could not obtain the same result.

Q. That is just what I want to bring out. In other words, you think that you derive no advantages from your large organization—some people might call it a trust—other than such as depends on the patents?—A. As I said, except the skill and brains which have been put in to develop the company. If a young man begins in the practice of law, it requires preparation, it requires brains, and it requires opportunities for him to develop a practice which shall be equal to that of one of our large metropolitan law firms. To carry out that illustration, I think the United Shoe Machinery Company, except to the slight extent due to the patents, has no more monopoly than any well-established business of long continuance.

Q. You have said, I think, that you derive no advantage from the tariff?—A. No; personally, I think we do not.

Q. I would like to ask if it would have been possible for you to organize your company under these Massachusetts laws?—A. I think it would have been at the time of the organization of this company, because at that time, as I told the commission before you came in, there were in existence three or four established corporations which were put together at the market value of their stock in this corporation without the injection into it of what is popularly called water, and without the payment of promoters' fees. So that, with my experience with the commissioner of corporations, if at that time the laws of Massachusetts had per-

mitted the organization of a corporation with sufficiently large capital, I have little doubt that he would have passed this corporation and said that its capital was paid in in property equivalent to cash.

Q. Is there any way under the Massachusetts law of determining the value of those patent rights under your stock?—A. No; that is why in practice corporations are organized either in Maine or in New Jersey; or, if they are organized in Massachusetts, as I have known them to be, you pay in your capital in cash and the commissioner can find no fault in that. There is nothing to prevent a board of directors 15 minutes afterwards voting to pay out three-quarters of that cash for the purchase of a patent.

Q. But if they actually do that; is that a fair way?—A. Yes; I think it is a perfectly fair way. As provided under the laws of the State of Maine or under the laws of the State of New Jersey—I am speaking now about corporations which have no public franchise—the only thing which a stockholder in a manufacturing corporation gets from the public is immunity from individual liability, for which, as a consideration for that grant, he pays increased taxation. Now, I know no reason why the legislature should step in and say to that man: "You shall not invest your money and take a share of a patent at the valuation that you and your associates agree to put on it." In other words, as is contained in the suggestions of some one of the gentlemen who have appeared before the commission—I am not sure whether it was Mr. Stetson; I think it was—the par value of the stock of a corporation is an entirely arbitrary thing; and, if I were to prepare a corporation law myself, I would have the stock represent simply a fractional interest in the assets of the corporation exactly as the associations with which we are so familiar in Massachusetts are constituted, because it makes no possible difference to anybody what arbitrary par value you assign to a stock. What a man looks to who puts his money into a concern is what its earning capacity is or what its possible earning capacity is, and it is on that that he makes his investment; unless, as in very many cases, he invests because some good banking house recommends investment, or because some good friend lets him in. But if he makes an investigation, he looks to see what the assets consist of and what the earning capacity is or promises to be, and what the character of the men is who are controlling the corporation.

Now, the history of one of these corporations is an illustration of that statement. The Goodyear Company was organized originally under the laws of Connecticut with a capital of \$1,250,000, representing patent rights. I do not believe that it had more than \$10,000 in cash. The entire amount of stock was not issued, but from time to time as they got more money they purchased other inventions. Their treasury stock was sold under the Connecticut laws below par; that is to say, they got the best price they could for it. In that way capital was furnished from time to time to the company. As the business progressed that capital went not only to par but to a premium, and subsequently the corporation was transferred to Maine, because of the restriction in Connecticut that a majority of the directors should reside there, principally. Provision was made for increasing the treasury's stock so as to afford the company means for readily getting additional capital; and it was capitalized there for \$3,000,000. At the time of the consolidation into the United Shoe Machinery Company that stock was selling at the rate of about \$5,000,000. Now, it seems to me that the public need no protection with regard to corporations of that sort.

I, myself, in the course of my professional experience here have either organized or have been connected with the development of very many of these Maine corporations. I do not know anyone that is deceived by them. If they have no credit, if they are not known, the corporation can not borrow any money without the indorsement of some director who is known, and they afford a ready means for the investor to put his money into what he knows is a speculative thing without being held to be liable beyond the amount of money that he has invested.

Q. I wanted you to state clearly the conclusion that I thought you had arrived at, that under the Massachusetts law as it now exists it is not practicable to form a corporation, the value of the assets of which consists largely in patent rights or in things that are not tangible in value.—A. It is not practicable. As you know, the commissioner of corporations requires the evidence of experts as to what the values are, and unless one gets partial experts it will be impossible to get a conservative or even a careful or accurate idea of the value in case of undeveloped patents; no one knows what the value is.

Q. Then you spoke of the vexatious restrictions and hard laws that might be imposed upon corporations in some States—can you tell us what those are in Massachusetts?—A. I think there are none in Massachusetts. At the time I spoke of those laws I had in mind the State of Ohio where they seek to tax, as I am informed,

the authorized capital of the corporation. They can only tax the proportion of the capital that is used in that State, but instead of taking the actual capital which the corporation has issued for stock, they seek to use as the denominator of the fraction the authorized capital, which is an extreme objection.

Q. Can you state in a few words what the laws of Massachusetts now require, for instance, of a foreign manufacturing corporation doing business here?—A. They require an annual statement of the condition of the company, its assets and liabilities, certified to by a disinterested auditor appointed by a committee of three stockholders who are not directors, each year; and for filing, a nominal fee of \$5. All the tangible property in the State, of course, is subject to taxation. There are no restrictions. Continually before the legislature an attempt is made to have more detailed information by corporations filed at the statehouse together with lists of stockholders.

Q. Then you have to agree to accept service in suits in Massachusetts?—A. Yes.

Q. Has there been any attempt made in Massachusetts to impose the stockholders' liability that our laws require upon corporations from other States doing business here; as, for instance, when the stock is not in the first instance paid in full, that the directors are liable for the debts?—A. I am not aware whether there has been or not.

Q. You said you were in favor of a national corporation act; that is, I suppose, of business corporations created by national charter?—A. Yes.

Q. Do you think that if Federal corporations should be created, the States will have the same power as they now have to tax them?—A. I doubt if they would. Testimony closed.

EXHIBIT.—Forms of leases used by United Shoe Machinery Company.

[Goodyear department. Lease and license number --- Full set.]

This lease and agreement made at Boston, in the State of Massachusetts, this --- day of ---, 19---, between the United Shoe Machinery Company, a corporation organized under the laws of the State of New Jersey, having an office in said Boston, hereinafter referred to as the lessor, of the one part, and ---, of ---, in the State of ---, hereinafter referred to as the lessee, of the other part:

Witnesseth that the lessor, in consideration of the covenants and agreements on the part of the lessee herein contained, does hereby lease to and license the lessee under its patents to use the machine or machines known as "Goodyear Department" machinery now or hereafter delivered to the lessee and designated by number or numbers in the following schedule, viz:

SCHEDULE OF MACHINES.

Goodyear welt and turn shoe machine, No. ---.	Goodyear Universal shank skiving machine, No. ---.
Goodyear Universal inseam sewing machine, No. ---.	Goodyear Universal inseam trimming machine, No. ---.
Goodyear bobbin winder (Universal), No. ---.	Goodyear Universal rounding and chamfering machine, No. ---.
Goodyear outsole rapid lock-stitch machine, No. ---.	Goodyear channel opening machine, No. ---.
Goodyear bobbin winder (Rapid), No. ---.	Goodyear automatic sole levelling machine, No. ---.
Extension edge attachment (A), No. ---.	Goodyear rotary sole laying machine, No. ---.
Extension edge attachment (B), No. ---.	Hadaway stitch separating machine, No. ---.
Welt-beveling attachment, No. ---.	Goodyear channel laying machine, No. ---.
Goodyear welt sewing machine (D), No. ---.	Goodyear flexible sole machine, No. ---.
Goodyear welt grooving and beveling machine, No. ---.	Goodyear moulding machine, No. ---.
Goodyear welt-splitting machine, No. ---.	Goodyear turn shoe trimming machine, No. ---.
Goodyear channeler, { turn } No. ---.	Goodyear lip turning machine, No. ---.
{ insole } No. ---.	Goodyear improved sole laying machine, No. ---.
Goodyear Universal welt beater, No. ---.	Goodyear direct levelling machine, No. ---.

and any duplicate parts, extras, mechanisms, and devices relating thereto or used in connection therewith, now attached to or delivered with the said designated machine or machines, or which may at any time hereafter be obtained from the lessor, or be added thereto with the consent of the lessor (the whole of which machine or machines, duplicate parts, extras, mechanisms, and devices, held by the lessor under these presents, whether now or hereafter delivered to or in the possession of the lessee, is hereinafter referred to as the "leased machinery"), subject to the conditions hereinafter contained.

And that the following are agreed to as conditions of the lease and license of the leased machinery, all of which the lessee covenants and agrees to keep and perform:

ONE. The leased machinery shall at all times remain and be the sole and exclusive property of the lessor, and the lessee shall have no right of property therein, but only the right to use the same upon the conditions herein contained. The leased machinery shall be used only by the lessee himself, or by operatives in his direct employ, and only in the factory now occupied by him at --- in the State of ---. The leased machinery shall not be transferred or delivered or sublet to any other person or corporation, and neither the lease nor the license hereby granted can be assigned by the lessee by his own act or by operation of law. If the lessee becomes insolvent or bankrupt, or has a receiving order made against him, or makes or executes any bill of sale, deed of trust, or assignment

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for the benefit of his creditors, or if a sale or lease or removal of the leased machinery, or any part thereof, without the consent, in writing, of the lessor be made or attempted, or if any distress or execution or attachment be levied thereon, then and in each such case this lease and license and any other lease or license then existing between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise, shall at the option of the lessor cease and determine, and the possession of and full right to and control of all the leased machinery, and any machinery held by the lessee under any other lease or license from the lessor, whether as the result of assignment to the lessor or otherwise, shall thereupon revert in the lessor free from all claims or demands whatsoever. The lessor and its agents or employees shall at all times be given access to the leased machinery for the purpose of inspecting it or watching its use and operation, or of altering, repairing, improving, or adding to it, or determining the nature or extent of its use, and the lessee shall afford all reasonable facilities therefor.

Two. The lessee shall at all times and at his own expense keep the leased machinery in good and efficient working order and condition, and shall not permit anyone to injure or deface or remove any plate, or dates, numbers, or other inscriptions now or hereafter impressed on or affixed to the leased machinery by the lessor. The lessee shall obtain from the lessor exclusively and shall pay therefor at the regular prices from time to time established by the lessor, all the duplicate parts, extras, mechanisms, and devices, of every kind needed or used in operating, repairing, or renewing the leased machinery, and the same shall form part of the leased machinery, and the lessee shall not otherwise make or allow to be made any addition, subtraction, or alteration to, from, or in the leased machinery without the consent in writing of the lessor, nor interfere with the proper operation of the same.

THREE. The lessee shall pay all taxes and assessments which shall be levied in respect to the leased machinery, or in respect to this lease and license or the right to payments hereunder, upon whomsoever assessed.

FOUR. The leased machinery shall be used only in the manufacture of boots, shoes, and other footwear, known in the trade as "Goodyear Welts," which are or shall be welted and the soles stitched on welt sewing and stitching machines hereby, or by other instrument, heretofore or hereafter, leased to the lessee by the lessor or its assignor, or in the manufacture of boots, shoes, or other footwear, known in the trade as "Goodyear Turns," the soles of which are or shall be attached to their uppers by turn sewing machines hereby, or by other instrument, heretofore or hereafter, leased to the lessee by the lessor or its assignor.

FIVE. The lessee shall pay to the lessor on the last day of each calendar month as rent or royalty the rental or royalty set forth in the following schedule for each pair of boots, shoes, or other footwear or portions thereof manufactured or prepared during the next preceding calendar month in any way, whether wholly or in part by the aid of the leased machinery or any part thereof:

Schedule of rents and royalties for Goodyear welts and turns.

	Sizes.		Welts.	Turns.
	From No.—	To No.—		
Children's	1	10½ inclusive.	3 cents.	1 cent.
Misses'	11	2 "	4 "	1½ cents.
Women's	2½	and over.	6 "	1½ "
Youths'	9	13½ inclusive.	4 "	1½ "
Boys'	1	5 "	6 "	1½ "
Men's	5½	and over.	8 "	1½ "

Provided, however, that in all cases when the lessee shall pay to the lessor on or before the fifteenth day of the calendar month the rent or royalty due for the use of the leased machinery for the next preceding calendar month, the lessor will, in consideration of such prompt payment, grant a discount of fifty per cent from such rent or royalty due for such preceding calendar month.

SIX. The lessor may attach to the leased machinery, or any thereof, an indicator or indicators to register the number of revolutions or movements of any part or parts thereof, and the lessee shall not allow any person (other than the lessor or its agents) to disturb or interfere with such indicator or indicators. In case any indicator thus attached shall from any cause cease to correctly indicate or register, or shall be disturbed or out of repair, or if the glass covering any such indicator shall be removed or broken or injured, then and as often as the same shall happen the lessee shall immediately by writing notify the lessor and at the same time explain the circumstances under which the same has happened. In case any such indicator ceases to indicate or becomes or remains inaccurate, or the glass covering becomes or remains removed, broken, or injured because of any fault of the lessor or anyone in his employ, or because of the failure of the lessee to give promptly the notice hereinbefore provided for, then, without prejudice to any other rights of the lessor hereunder, the lessee shall pay the lessor as rent or royalty, without the right to any discount, eight cents per pair for each pair of boots, shoes, and other footwear, or portions thereof, in the manufacture of which the leased machinery or any part thereof shall have been used. The lessee shall keep full and accurate accounts, independently of any indicators that may be placed upon the leased machinery, showing the number and kind of boots, shoes, and other footwear, or portions thereof, in the manufacture of which the leased machinery, or any part thereof, shall have been used, and shall allow the lessor at all times by its agents or attorneys to examine and to take copies of such accounts and entries of the lessee as may serve to determine the total number of boots, shoes, or other footwear, or portions thereof, made by the aid of the leased machinery or any part thereof, and the lessee shall produce all such accounts and entries upon request. The lessee shall require each of his operators upon the leased machinery or any part thereof, to keep, upon blanks or blank books to be furnished by the lessor, accurate daily records of the number and kind of boots, shoes, and other footwear, or portions thereof, in the making of which he has used the leased machinery or any part thereof, and shall require his operators to sign such records, and if requested so to do by the lessor, shall verify the same under oath, and shall also furnish any further information called for by said blanks or blank books; and the lessee shall send to the office of the lessor in Boston on or before the fifth day of each calendar month the original records for the next preceding calendar month kept by his operators as above provided for; and in case in any calendar month none of the leased machinery has been used, the lessee shall notify the lessor in writing of that fact on or before the fifth day of the next succeeding calendar month.

And that the following agreements, stipulations, and provisions are agreed to:

SEVEN. If at any time the lessee shall fail or cease to use exclusively welt sewing and outsole stitching machinery held by him under lease from the lessor, in the manufacture of all welted boots, shoes, or other footwear made by or for him, the welts or soles of which are sewed by the aid of machinery, the lessor, although it may have waived or ignored prior instances of such failure or cessation, may at its option terminate forthwith by notice in writing this lease and license and any other lease or license of machines, machinery, or devices like those or any of them, mentioned in the foregoing "Schedule of Machines," or designed for similar purposes, then existing between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise, and the possession of and full right to and control of all such machines, machinery, or devices held by the lessee under lease or license from the lessor or its assignor shall thereupon revert in the lessor free from all claims and demands whatsoever.

EIGHT. This lease and license shall continue, unless sooner terminated by the lessor because of breach thereof on the part of the lessee, or otherwise as herein provided, for seventeen years from the date hereof. But if any breach or default shall be made in the observance of any one or more of the conditions herein contained or contained in any other lease or license agreement subsisting between the lessor and the lessee whether as the result of assignment to the lessor or otherwise and expressed to be obligatory upon the lessee, the lessor shall have the right by notice in writing to the lessee to terminate forthwith this lease and license, and also if the lessor so elects any other lease or license agreements then in force between the lessor and the lessee whether as the result of assignment to the lessor or otherwise, and this notwithstanding that previous breaches or defaults may have been unnoticed, waived, or condoned by or on behalf of the lessor. If, upon the expiration of the full term of this lease, the lessor does not request the return of the leased machinery, then the leased machinery shall continue to be held and used under and in accordance with the conditions of this lease and license, which shall thereupon be extended indefinitely as to term; but thereafter either the lessee or the lessor, upon sixty days' notice in writing to the other, may terminate this lease and license, whereupon the leased machinery shall be delivered forthwith to the lessor, as herein provided. Upon the expiration or termination of this lease and license or any extension thereof by notice or by reason of any default on the part of the lessee as to the terms of this lease and license or any other lease or license from the lessor, or otherwise as herein provided, the lessee shall forthwith deliver the leased machinery to the lessor at its office or factory in good order, reasonable wear and tear alone excepted; and the lessor for himself, his heirs, executors, and administrators, hereby grants to the lessor, its successors and assigns, full right, power, and authority to enter upon the premises and into any factory, room, or any place where the leased machinery, or any part thereof, may be, and take possession thereof, and take away the same; and the lessee shall have no claim for the repayment of any sum or sums, or any part thereof, which he shall have paid as consideration for the grant of this lease and license or for rent or royalty, or otherwise in respect to the leased machinery.

NINE. A notice in writing, signed by the president, a vice-president, or the treasurer of the lessor, or by any assignee of the lessor's rights hereunder, and posted by prepaid letter, addressed to the lessee or delivered at his usual or last-known place of abode or business, that the lease and license hereby granted is determined or shall be determined at the expiration of a certain period; shall be a sufficient determination of the lease and license from the time of posting or delivering such notice, or from the expiration of the period therein mentioned, as the case may be. Any termination of this lease and license shall not release the lessee from his obligation to pay rent or royalty for the period prior to such termination, and shall be without prejudice to any other rights or remedies which the lessor may have for violation of contract, use of machines without right, or use of patented inventions without license.

TEN. The lessee admits the validity of each and every of the letters patent of the United States of America, owned by the lessor or under which it is licensed, any of the inventions of which are or hereafter may be embodied in the leased machinery. The lessee also agrees that he will not directly or indirectly infringe or contest the validity of, or the title of the lessor to, any of the patents referred to in the "Schedule of patents" hereto annexed. The termination or cesser of this lease and license from any cause whatever shall not in any way affect the provisions of this clause, or release or discharge the lessee from the admission and estoppel herein set forth.

ELEVEN. None of the terms or conditions of this lease and license shall be held to have been waived by any act or knowledge of the lessor, its agents or employees, but only by an instrument in writing, signed by the president, a vice-president, or the treasurer of the lessor.

TWELVE. The term "lessor" shall include the said United Shoe Machinery Company and its successors and assigns. All the conditions and agreements binding on the lessee shall be binding on and enforceable against his legal representatives. In the construction of this instrument words relating to the number and gender of the parties shall be read according to their real number and gender.

In witness whereof the parties hereto have duly executed this instrument in duplicate, the day and year first above written.

[Lasting-machine department. Lease and license number— Consolidated hand-method machine.]

This lease and agreement made at Boston, in the State of Massachusetts, this _____ day of _____, 19—, between the United Shoe Machinery Company, a corporation organized under the laws of the State of New Jersey, having an office in said Boston, hereinafter referred to as the lessor, of the one part, and _____, of _____, in the State of _____, hereinafter referred to as the lessee, of the other part:

Witnesseth, that the lessor, in consideration of the covenants and agreements on the part of the lessee herein contained, does hereby lease to and license the lessee under its patents to use—

CONSOLIDATED HAND-METHOD LASTING MACHINE NO. —

now or hereafter delivered to the lessee, and any duplicate parts, extras, mechanisms, and devices relating thereto, or used in connection therewith, now attached to or delivered with the said designated machine, or which may at any time hereafter be obtained from the lessor, or be added thereto with the consent of the lessor (which machine, together with all duplicate parts, extras, mechanisms, and devices, held by the lessee under these presents, whether now or hereafter delivered to or in the possession of the lessee, is hereinafter referred to as the "leased machinery"), subject to the conditions hereinafter contained.

And that the following are agreed to as conditions of the lease and license of the leased machinery, all of which the lessee covenants and agrees to keep and perform:

ONE. The leased machinery shall at all times remain and be the sole and exclusive property of the lessor, and the lessee shall have no right of property therein, but only the right to use the same, upon the conditions herein contained. The leased machinery shall be used only by the lessee himself, or by operatives in his direct employ, and only in the factory now occupied by him at —, in the State of —. The leased machinery shall not be transferred or delivered or sublet to any other person or corporation, and neither the lease nor the license hereby granted can be assigned by the lessee by his own act or by operation of law. If the lessee becomes insolvent or bankrupt, or has a receiving order made against him, or makes or executes any bill of sale, deed of trust, or assignment for the benefit of his creditors, or if a sale or lease or removal of the leased machinery, or any part thereof, without the consent in writing of the lessor, be made or attempted, or if any distress or execution or attachment be levied thereon, then and in each such case this lease and license and any other lease or license then existing between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise, shall at the option of the lessor cease and determine, and the possession of and full right to and control of all the leased machinery, and any machinery held by the lessee under any other lease or license from the lessor, whether as the result of assignment to the lessor or otherwise, shall thereupon revert in the lessor free from all claims or demands whatsoever. The lessor and its agents and employees shall at all times be given access to the leased machinery for the purpose of inspecting it or watching its use and operation, or of altering, repairing, improving, or adding to it, or determining the nature or extent of its use, and the lessee shall afford all reasonable facilities therefor.

TWO. The lessee shall at all times and at his own expense keep the leased machinery in good and efficient working order and condition, and shall not permit anyone to injure or deface or remove any plate, or dates, numbers, or other inscriptions now or hereafter impressed on or affixed to the leased machinery by the lessor. The lessee shall obtain from the lessor exclusively, and shall pay therefor at the regular prices from time to time established by the lessor, all the duplicate parts, extras, mechanisms, and devices of every kind needed or used in operating, repairing, or renewing the leased machinery, and the same shall form part of the leased machinery, and the lessee shall not otherwise make or allow to be made any addition, subtraction, or alteration to, from, or in the leased machinery without the consent in writing of the lessor, nor interfere with the proper operation of the same.

THREE. The lessee shall at his own expense insure the leased machinery against loss by fire, and keep the same insured to the amount of two hundred (200) dollars, and in case the same is lost or destroyed by fire or otherwise before the expiration or termination of this lease, then the lessee shall pay to the lessor upon demand the sum of two hundred (200) dollars as partial compensation for such loss or destruction. The lessee shall pay all taxes and assessments which shall be levied in respect to the leased machinery, or in respect to this lease and license, or the right to payments hereunder upon whomsoever assessed.

FOUR. The lessee shall use the leased machinery to its full capacity on all boots, shoes, and other footwear made in his factory in the manufacture of which it can be used, but the leased machinery shall not, nor shall any part thereof, be used in the manufacture of any boots, shoes, or other footwear which are or shall be welted, or the soles stitched on welt sewing or sole stitching machines not leased to the lessee by the lessor or its assignor, or in the manufacture of any turn boots, shoes, or other footwear, the soles of which are or shall be attached to their uppers by turn sewing machines not leased to the lessee by the lessor or its assignor, or in the manufacture of any boots, shoes, or other footwear which have been or shall be slugged, heel seat nailed, or otherwise partly made by the aid of any "metallic" machinery not leased to the lessee by the lessor or its assignors.

FIVE. The lessee shall pay to the lessor on the last day of each calendar month as rent or royalty the sum of one (1) cent for each pair of misses' and children's and one and one-quarter (1 1/4) cents for each pair of all other kinds of boots, shoes, or other footwear, or portions thereof, lasted or manufactured or prepared during the next preceding calendar month in any way, whether wholly or in part, by the aid of the leased machinery or any part thereof; provided, however, that in all cases when the lessee shall pay to the lessor on or before the fifteenth day of the calendar month the rent or royalty due for the use of the leased machinery for the next preceding calendar month, the lessor will, in consideration of such prompt payment, grant a discount of fifty per cent from such rent or royalty due for such preceding calendar month. The lessee guarantees that the rent or royalty herein provided (less all abatement) shall amount in each calendar year, ending December 31, to at least fifteen (15) dollars for each calendar month, and at the end of each such calendar year the lessee shall pay to the lessor the amount, if any, by which the rent or royalty paid for said year is less than such guaranteed rent or royalty. *Provided, however,* That if in any calendar year the factory of the lessee remains wholly idle for any entire calendar month, then the amount of rent or royalty guaranteed for that year shall be reduced by one-twelfth for each such month that the factory thus remains wholly idle.

SIX. The lessor may attach to the leased machinery, or any thereof, an indicator or indicators to register the number of revolutions or movements of any part or parts thereof, and the lessee shall not allow any person (other than the lessor or its agents) to disturb or interfere with such indicator or indicators. In case any indicator thus attached shall from any cause cease to correctly indicate or register, or shall be disturbed or out of repair, or if the glass covering any such indicator shall be removed or broken or injured, then, and as often as the same shall happen, the lessee shall immediately, by writing, notify the lessor, and at the same time explain the circumstances under which the same has happened. In case any such indicator ceases to indicate or becomes or remains inaccurate, or the glass covering becomes or remains removed, broken, or injured, because of any fault of the lessee or anyone in his employ, or because of the failure of the lessee to give promptly the notice hereinbefore provided for, then, without prejudice to any other rights of the lessor hereunder, the lessee shall pay the lessor as rent or royalty, without the right to any discount, one and one-quarter (1 1/4) cents per pair for each pair of boots, shoes, or other footwear, or portions thereof, in the manufacture of which the leased machinery or any part thereof shall have been used. The lessee shall keep full and accurate accounts, independently of any indicators that may be placed upon the leased machinery, showing the number of boots, shoes, and other footwear, or portions thereof, in the manufacture of which the leased machinery or any part thereof shall have been used, and shall allow the lessor at all times, by its agents or attorneys, to examine and to take copies of such accounts and entries of the lessee as may serve to determine the total number of boots, shoes, or other footwear or portions thereof made by the aid of the leased machinery or any part thereof, and the lessee shall produce all such accounts and entries upon request. The lessee shall require each of his operators upon the leased machinery, or any part thereof, to keep up blank or blank books, to be furnished by the lessor, accurate daily records of the number of boots, shoes, and other footwear, or portions thereof, in the making of which he has used the leased machinery, or any part thereof, and shall require his operators to sign such records, and if requested so to do by the lessor, shall verify the same under oath, and shall also furnish any further information called for by said blanks or blank books; and the lessee shall send to the office of the lessor in Boston, on or before the fifth day of each calendar month, the original records for the next preceding calendar month kept by his operators as above provided for; and in case in

any calendar month, none of the leased machinery has been used, the lessee shall notify the lessor, in writing, of that fact on or before the fifth day of the next succeeding calendar month.

And that the following agreements, stipulations, and provisions are agreed to:

SEVEN. If at any time the lessee shall fail or cease to use exclusively lasting machinery held by him under lease from the lessor for lasting all boots, shoes, and other footwear made by or for him which are lasted by the aid of machinery, the lessor, although it may have waived or ignored prior instances of such failure or cessation, may, at its option, terminate forthwith by notice in writing this lease and license and any other lease or license of lasting machines, lasting machinery, or lasting devices then existing between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise; and the possession of and full right to and control of all lasting machines, lasting machinery, or lasting devices held by the lessee under lease or license from the lessor or its assigns shall thereupon revert in the lessor free from all claims and demands whatsoever.

EIGHT. This lease and license shall continue, unless sooner terminated by the lessor because of breach thereof on the part of the lessee, or otherwise as herein provided, for seventeen years from the date hereof. But if any breach or default shall be made in the observance of any one or more of the conditions herein contained, or contained in any other lease or license agreement subsisting between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise, and expressed to be obligatory upon the lessee, the lessor shall have the right, by notice in writing to the lessee, to terminate forthwith this lease and license, and also if the lessor so elects any other lease or license agreements then in force between the lessor and the lessee, whether as the result of assignment to the lessor or otherwise, and this notwithstanding that previous breaches or defaults may have been unnoticed, waived, or condoned by or on behalf of the lessor. If upon the expiration of the full term of this lease the lessor does not request the return of the leased machinery, then the leased machinery shall continue to be held and used under and in accordance with the conditions of this lease and license, which shall thereupon be extended indefinitely as to term; but thereafter either the lessee or the lessor, upon sixty days' notice in writing to the other, may terminate this lease and license, whereupon the leased machinery shall be delivered forthwith to the lessor, as herein provided. Upon the expiration or termination of this lease and license, or any extension thereof by notice or by reason of any default on the part of the lessee as to the terms of this lease and license, or any other lease or license from the lessor, or otherwise as herein provided, the lessee shall forthwith deliver the leased machinery to the lessor at its office or factory in good order, reasonable wear and tear alone excepted; and shall thereupon pay to the lessor the sum of one hundred and fifty (150) dollars as compensation for setting up the leased machinery in his factory, for instructing operators, and for deterioration of the leased machinery; and the lessee, for himself, his heirs, executors, and administrators, hereby grants to the lessor, its successors and assigns, full right, power, and authority to enter upon the premises and into any factory, room, or any place where the leased machinery, or any part thereof, may be, and take possession thereof and take away the same; and the lessee shall have no claim for the repayment of any sum or sums, or any part thereof, which he shall have paid as consideration for the grant of this lease and license, or for rent or royalty, or otherwise, in respect to the leased machinery.

NINE. A notice in writing, signed by the president, a vice-president, or the treasurer of the lessor, or by any assignee of the lessor's rights hereunder, and posted by prepaid letter addressed to the lessee or delivered at his usual or last-known place of abode or business, that the lease and license hereby granted is determined or shall be determined at the expiration of a certain period shall be a sufficient determination of the lease and license from the time of posting or delivering such notice or from the expiration of the period therein mentioned, as the case may be. Any termination of this lease and license shall not release the lessee from his obligation to pay rent or royalty for the period prior to such termination, and shall be without prejudice to any other rights or remedies which the lessor may have for violation of contract, use of machines without right, or use of patented inventions without license.

TEN. The lessee admits the validity of each and every of the letters patent of the United States of America owned by the lessor or under which it is licensed, any of the inventions of which are or hereafter may be embodied in the leased machinery. The lessee also agrees that he will not directly or indirectly infringe or contest the validity of or the title of the lessor to any of the patents referred to in the "Schedule of patents" hereto annexed. The termination or cesser of this lease and license from any cause whatever shall not in any way affect the provisions of this clause or release or discharge the lessee from the admission and estoppel herein set forth.

ELEVEN. None of the terms or conditions of this lease and license shall be held to have been waived by any act or knowledge of the lessor, its agents or employees, but only by an instrument in writing, signed by the president, a vice-president, or the treasurer of the lessor.

TWELVE. The term "lessor" shall include the said United Shoe Machinery Company, and its successors and assigns. All the conditions and agreements binding on the lessee shall be binding on and enforceable against his legal representatives. In the construction of this instrument, words relating to the number and gender of the parties shall be read according to their real number and gender.

In witness whereof, the parties hereto have duly executed this instrument in duplicate, the day and year first above written.

BOSTON, MASS., February 18, 1901.

TESTIMONY OF MR. CHARLES H. M'DERMOTT,*Editor of the Boot and Shoe Recorder.*

The subcommission met in the rooms of the Home Market Club at 10.50 a. m., Mr. Clarke presiding. At that time Mr. Charles H. McDermott, of Boston, editor and publisher of the *Boot and Shoe Recorder*, appeared as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, post-office address, and occupation.—A. Charles H. McDermott; 11 and 13 Columbia street, Boston; I am editor and publisher of the *Boot and Shoe Recorder*.

Q. How long have you been connected with that paper?—A. Since 1884.

Q. Is that a trade journal representative of the boot and shoe industry in New England?—A. Yes, and of the United States.

Q. Are you familiar with the conditions of capital and labor embarked in that industry in this part of the country?—A. Fairly so, in a general way—a newspaper way.

Q. Will you please name the principal cities and towns where the shoe industry is the principal industry?—A. Lynn is the largest shoe manufacturing center in the world, so far as I know. It is certainly the largest in Massachusetts and the largest in the United States. Following Lynn, Haverhill comes second, although that claim is rather disputed by Brockton, which is very close. Haverhill manufactures more in women's lines and Brockton in men's lines. The value of the production in the two places is very nearly equal, according to the last census. What the 1900 census will show we have no figures yet. But following Haverhill and Brockton, there is no other town that is really so concentrated as those two. The production varies. It is a little more scattered.

Q. Marlborough?—A. Marlborough would come third, I would think; I am not positive as to that. Then there are Weymouth and Worcester. In Worcester the shoe manufacturing is not the leading industry, but it is quite prominent; and so on down through quite a number of small places, the factories being more scattered than in the places named.

Q. In what other places are there important factories?—A. I do not know as I can answer that question—Newburyport.

Q. Mr. CLARKE. Beverly, Newburyport, Marblehead, and Salem.

Q. (By Mr. LITCHMAN.) Brookfield?—A. Brookfield. The factories are pretty generally scattered through the State. There are 1,207 factories in New England.

Q. (By Mr. CLARKE.) North Adams?—A. North Adams, yes; and Concord. I can not recall them all.

Q. (By Mr. LITCHMAN.) Rochester?—A. Rochester, yes; and Manchester.

Q. Dover?—A. Lowell.

Q. Auburn, Me.?—A. Auburn, Me., and Portland.

Q. About how many people do the New England factories employ?—A. 86,000.

Q. And about how much capital?—A. The capital is \$54,000,000; that is the total in New England. I have prepared from the census figures a comparative statement of the years 1860, 1870, 1880, and 1890 for the whole United States, and also for the New England States.

The witness read as follows:

"The boot and shoe manufacturing industry of New England shows a steady growth and development, with no specially remarkable features. The first radical change from old hand methods was in the invention and use of the McKay sewing machine for sewing soles to uppers. This was in 1860, and might be called the beginning of the factory system. Previously a number of shoemakers had worked together in shops and with no mechanical assistance to increase the efficiency. The rapid sole-sewing machine made it necessary to organize the work so that the man working the machine could be kept busy, and from that point came the real development of the shoe-factory system.

"In 1874 there were 1,200 McKay machines in operation in the United States, and in 1890 this number had increased to over 4,000. Later on, as the necessity for the division of the work developed, the factory system was further developed, and numerous other machines for other details were brought in from time to time, notably for quick work in finishing off the edges of bottoms and soles. Prominent among these was the heel-burnishing machine, the edge-trimming machine, and the edge-setting machine, which came in about 1865. Then, in 1869 machines were introduced

for fastening the soles with metal fastenings—that is, screw and wire fastenings—and in 1875 this was rather perfected into the standard screw machine, which is now in use, which drives a screw wire into the sole and cuts its off inside and outside, making a clinched fastening.”

Q. In what grade of goods is that invention used?—A. It is used in cheap work. It takes the place of the old wooden pegs that were formerly driven by hand.

(Reading:;) “In 1870 machines were introduced for making and attaching the heel, and various minor smaller machines for similar details have been added, so that the tendency at present is to depend as little as possible on unaided hand work. In 1877 the Goodyear machine, so called, was brought into practical success, although it had been experimented with for some 10 years previous to that time. This differed from the other machines for attaching soles, as it imitated the hand-work method of first sewing a welt strip to the inner sole and then sewing to the outside this welt on the edge—the old primitive hand method. A number of minor machines were added to this system of sole attaching to supply the demand for a finer class of work than was possible with the other machines, which sewed through the sole.

“The result of the machine development and the factory system is that there is a greatly increased shoe production, which up to a few years ago was practically all taken by the people of the United States. As compared with 1860 the cost of shoes has been decreased more than one-half, and the quality has been improved. In 1860 the census figures gave the value of the shoe product per capita of population at \$2.92; in 1870 the production increased to \$3.77 on a gold basis; in 1880, to \$3.00; in 1890 the production was \$4.07 per capita of population, this being all absorbed in the home trade, and the improved conditions of the country and the improved shoes furnished made an increased demand and lower prices.”

Q. (By Mr. CLARKE.) Have the products of the Goodyear system largely supplanted hand labor?—A. Almost entirely; yes. I will just read two sheets more.

(Reading:;) “The progress of the industry in New England, as well as in the United States, is best shown by the accompanying figures from the census. The figures for 1900 are not yet published. The figures for 1860 include all shoemaking without any classification. The table for 1870 as given covers only the shops with a product of \$5,000 and over. The census made that division between the gross industry and the shops making over \$5,000 a year, which was the inception of the factory idea, and they were on a greenback basis. Of course it has to be reduced in figuring 20 per cent. For 1880 and 1890 there is a regular division into factories and custom-work shops; and taking the total of all the productions of shoes and the total for the factory production for the decade, it shows a steadily decreasing output of custom hand work as compared with the factory work. The leading position of New England in the production of shoes is shown as early as 1860, when they first started the idea of associating the work in a shop, and a number of shoemakers associating their work and getting together and selling the product; and the total in 1860 from the census was 59.6 per cent of the whole production of the United States.

“As the organization of the factory system with machinery progressed, New England kept in the lead and increased the production in 1870 to 66.4 per cent of the whole United States. In 1880 the percentage was 68.4. We had gained a little more. In 1890 other sections began to adopt the factory system and methods, and New England dropped back to 63.4 per cent of the total. An analysis of the figures also shows that New England wages are the highest wages on the average per capita and the product per man is greater, and the only advantage that New England has in the industry at present, or has had in fact, is the concentration of work in the factory towns like Lynn, Brookton, and Haverhill. This necessarily tends to the highest possible development in mechanical appliances and efficiency, and also in the efficiency of the workmen the stimulus of the local competition tending, of course, to that development. It is claimed that the coming census figures will show a still greater gain for other sections as compared with New England, although we think New England is pretty well up to the average of 1890, and the increase in the other sections will be no more than for the natural increase of population.

“Although we have such a decided lead in the methods of shoe production, there was never much effort made for extending the export trade previous to 1890. Previous to 1890 the exports were about \$500,000 or \$600,000 a year. Since then there has been more effort made in exporting, and there is a gradual increase up to \$1,688,649 for the calendar year 1897.”

Q. (By Mr. LITCHMAN.) That is from New England?—A. No, the United States.

Q. The United States entirely?—A. The total exports. And since then there has been a more marked increase in the figures, the exports for 1898 being \$1,944,423; for 1899, \$3,668,435, and for the calendar year 1900, just closed, \$4,626,256; so that the real movement for exporting shoes has been in the last 3 years.

The tables here given are simply the census figures of the total production of the United States, number of establishments, capital, employees, wages paid, material

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used, total product of factory, and custom work; and then I have made these figures, the average product per employee, the average wages paid, the value of the product per capita of population, the per cent of material used in the product, and the same for New England with the addition of the percentage of New England as compared with the United States.

Following are the tables submitted by the witness:

Boots and shoes.—Factory production.

UNITED STATES.

	1860.	1870. ¹	1880.	1890.
Number of establishments	12, 846	3, 151	1, 959	2, 082
Capital	\$23, 357, 627	\$37, 519, 019	\$42, 994, 028	\$95, 282, 311
Employees	123, 026	135, 889	111, 052	139, 333
Wages paid	\$30, 938, 080	\$42, 504, 444	\$43, 001, 438	\$66, 375, 076
Materials used	\$42, 728, 174	\$80, 502, 718	\$102, 442, 442	\$118, 783, 831
Product	\$91, 889, 298	\$146, 704, 005	\$166, 050, 354	\$220, 649, 358
Total product of factory and custom work	\$91, 889, 298	\$181, 044, 090	\$196, 920, 481	\$265, 180, 698
Average product for employee	\$746. 09	\$868. 12	\$1, 495. 26	\$1, 585. 61
Average wages paid	\$251. 47	\$250. 23	\$387. 21	\$476. 37
Value of shoe product per capita of population	\$2. 92	\$3. 77	\$3. 90	\$4. 07
Per cent of material used to product	46. 5	58. 8	61. 7	53. 8

¹ Totals in greenback values, averages on gold basis.

NEW ENGLAND.

	1880.	1870.	1880.	1890.
Number of establishments	2, 554	1, 360	1, 125	1, 214
Capital	\$12, 922, 403	\$21, 433, 664	\$24, 882, 353	\$54, 389, 199
Employees	81, 017	58, 604	71, 517	85, 913
Wages paid	\$19, 881, 845	\$27, 698, 116	\$28, 574, 114	\$42, 140, 463
Materials used	\$29, 079, 813	\$56, 773, 006	\$70, 001, 272	\$77, 685, 628
Product	\$54, 815, 948	\$97, 425, 381	\$111, 364, 440	\$140, 932, 656
Total product of factory and custom work	\$54, 815, 948	\$102, 040, 327	\$113, 551, 640	\$144, 178, 666
Product per employee	\$676. 02	\$1, 330. 15	\$1, 557. 03	\$1, 640. 41
Average wages	\$246. 84	\$378. 13	\$399. 40	\$490. 50
Per cent of materials to product	53. 5	58. 3	62. 8	55. 1
Per cent of New England production to total United States	59. 6	66. 4	68. 4	63. 4

¹ Totals in greenback values; averages on gold basis.

Q. (By Mr. CLARKE.) Where are the principal foreign markets for American-made shoes?—A. Great Britain is the largest, Australia next, Canada next. The West Indies lead Canada, which comes fourth, and Mexico and Central America follow in order.

Q. Can you give the exportation by value to each of those places the last fiscal year?—A. Yes, I can give it; got it from 1897 to 1900. The figures are compiled by the Boot and Shoe Recorder of February 6, 1901, and are as follows [reading]: "The gain in the exports of boots and shoes is a remarkable feature in the progress of our industry, and with the position now secured in foreign markets this increase is likely to be larger in the near future. It is true that our exports of shoe machinery to the amount of \$1,028,257 for 1900 will better enable foreign manufacturers to meet the competition of our shoes, but it will take time for them to acquire the skill and efficiency in handling the machines and adopting our factory methods. The stupid obstinacy of the British trade unions will work to our advantage in the English and colonial markets, and our gains there will be relatively larger until the workmen come to a realizing sense of the situation. For the year 1900 the exports to Great Britain amounted to \$1,095,672, as compared with \$349,030 for 1898. The exports to Australia for 1900 were \$1,328,416, as compared with \$324,729 for 1898. These two amounts figure more than half of our shoe exports.

"The following shows the progress of our export trade in shoes with some of the leading countries for the calendar years 1897-1900:

	1897.	1898.	1899.	1900.
Great Britain.....	\$323,928	\$348,030	\$710,134	\$1,004,072
Australia.....	285,944	324,729	753,881	1,838,410
Canada.....	227,519	848,112	440,772	420,021
Germany.....	29,515	67,426	101,355	142,020
France.....	22,175	32,440	44,845	82,448
Other Europe.....	32,492	39,570	66,755	60,697
Central America.....	91,823	84,881	143,402	167,129
Mexico.....	72,540	110,099	325,507	350,964
West Indies.....	259,279	278,561	648,507	572,906
South America.....	69,067	76,640	88,475	180,340
Africa.....	95,524	79,884	140,491	135,227

"It will be noticed that there is a steady gain in nearly every case; but with Canada and other countries of Europe aside from Britain, France, and Germany there is a decrease from 1899. For Canada the figures would indicate a development of the shoemaking industry there, with correspondingly less demand for our goods. The decrease with Africa, as compared with 1899, is easily accounted for by the war in progress there, and the decrease with West Indies may be only temporary; or it may indicate that the Spanish manufacturers are regaining something of the business of which they formerly held exclusive control."

Q. (By Mr. CLARKE.) Are you able to state what methods the trade have introduced to secure these foreign markets?—A. No special efforts; only that they have made more of an effort. Some few have associated their efforts and sent men to establish depots in London, where they carry some considerable stock, so that they can supply the demand from there.

Q. Is there a joint effort?—A. I understand so; yes. I am not familiar with it. There is something of that kind done. Others are working independently. I think one firm here is starting retail shoe stores—R. B. Grover & Co.—the Emerson shoe manufacturers. There has been more of an effort in the last 3 years to push the trade outside than there has been before. Previous to that time the manufacturers would simply accept orders that they got and fill them in an indifferent way, which was very often unsatisfactory. They looked on foreign trade as something they did not really care about much. It was too much trouble and too much risk, and they did not give it real business attention, as has been done in the last 3 years.

Q. What do you think is the principal cause of their new enterprise in that field?—A. Oh, they have awakened to the fact that there is a profit in it. They supply the shoes at a price that will sell them, and the shoes are better in quality. It is a mere matter of business arrangements to push the sale of them as they would in any markets here.

Q. The growth of domestic competition has something to do with it?—A. To some extent; yes. The growth of the Western competition particularly has made it rather more difficult to sell shoes from the Eastern factories West, and they are more willing now to look abroad than they were when they had a home demand that would absorb pretty much all they turned out.

Q. A shoe manufacturer in Chicago testified before the commission last spring that his concern makes fine goods and finds its best market for them in the Eastern cities, particularly in Boston. Are you familiar with that course of trade?—A. It might be so. That is contrary to the ordinary course of trade. It is possible that in an individual case it might be so; but, of course, the ordinary course of trade has been for 20 or 30 years in the other direction.

Q. Is it a fact that the New England manufacturers still have a very large Western trade?—A. Oh, yes; according to the percentage there they still run, I should say, not less than 60 per cent of the total production.

Q. Is it the custom of buyers from different parts of the country to come to Boston and meet the shoe manufacturers or their agents?—A. Yes; this is the recognized headquarters of the shoe industry, and men in that line and every jobbing house in the United States necessarily deal in Boston more or less, and they all come here. The New England production supplies the demand for the cheap ordinary grades of shoes that are sold to jobbers and through country stores, and sell at retail for less than \$1.50.

Q. (By Mr. LITCHMAN.) Now, you are speaking about \$1.50 and \$2 shoes. Do you mean children's, misses, women's, or men's?—A. Oh, I would put that under adults—men's.

Q. Men's shoes?—A. Yes. There is no standard price of those; you can not tell what they are.

Q. (By Mr. CLARKE.) Is the shoe industry in the country towns or remote districts from the shoe centers in New England growing or declining?—A. It is hard to tell. There are changes both ways. A factory established in Haverhill, for example, will have a series of annoying strikes, and it will move out into some country town, and will stay there for a number of years. They will find some disadvantage in the way of shipments or in the way of getting extra labor when they want it, or in the way of getting the machinery supplies promptly, and for whatever reason happens, they will come back to Haverhill and try it again. Still the tendency on the whole is rather to scatter. We have had a number of cases where they have come back after being out and decided on the whole that they had better remain in, but not alone among the Haverhill people. On the other hand, quite a number of manufacturers have gone out and stayed, and said that they could manage their forces better and manage their business better and have it more under their control. So that, taking it both ways, I should say the tendency is more away from the towns or centers than toward them.

Q. Are some of the New England States enacting laws permitting cities and towns to exempt factories from taxation for a term of years?—A. I think that has been the case for a long time. There has been quite a custom to do that. I think the tendency lately has been to restrict that practice more.

Q. Is there any such exemption in Massachusetts?—A. I understand there is. I could not say. I do not know how it is in Massachusetts, but I know it is so in some of the outside States—New Hampshire, Vermont, I think, Maine—and they bid very high for factories. Local business associations will build factories and give them a low rental and exempt them from taxation and offer extraordinary inducements to secure factories.

Q. Have the small country factories been successful, as a rule?—A. I do not know how to answer that question. I think, on the whole, they have; the smaller ones I doubt. Of course, the proper man will make a success almost anywhere. The man who simply goes to take advantage of the inducements offered will probably not make a success after the inducements are ended.

Q. Can you give us a little account of the introduction of shoe machinery, whether or not that has encountered difficulties from time to time?—A. Oh, yes; but not as much as would be expected. When the first machines were introduced the workmen fought considerably, but latterly they take a different view, and they are quite willing to accept the machines and make the best of them. We have had comparatively little trouble on that head within recent years.

Q. How does the number of people employed in the industry compare now since the general introduction of machinery with the previous period?—A. Of course, there are fewer employed proportionately to the number of shoes made, but the number of employees is probably about the same, the greater production coming from the increased mechanical appliances.

Q. Do they work fewer hours in the week than they did under the old system?—A. Yes; the factory work, of course, has regular hours and the time is shortened. The old hand-work system was 18 hours a day. There was no limit of time or of anything else. A man simply worked as long as he could.

Q. (By Mr. LITCHMAN.) Have you any knowledge as to the comparative quality of the goods exported; that is, the quality compared with the goods sold in the home market?—A. Of course, the tendency would be to export the better grades, the finer grades of shoes, because in cheap grades we have very little advantage. European markets are supplied very well with a coarse, ordinary, heavy shoe that I do not think we could compete with them in making. But with a finer grade, that has a good deal of ornamentation and fine work on it, we can utilize mechanical appliances, and we can get results, and there is a certain amount of style and fashion, and so on, that makes the demand.

Q. Have you any means of telling what proportion of the four and one-half millions, more or less, of exports of 1900 were from New England?—A. No; it is impossible for me to tell.

Q. Speaking of the increase of machine work compared with hand work, is not there also an actual increase in the production of handmade goods? Taking the outputs of 1860, 1870, 1880, and 1890, do they not show an increase in the hand production?—A. No, I should say not.

Q. Have you any means of knowing the total number of machines used now in the production of shoes in all the different parts?—A. No, I could not tell off hand.

Q. I have heard it stated it was as high as 80. Have you any means of knowing whether that is an exaggeration?—A. No, I do not think it is. Of course every factory differs.

Q. I am counting all the machines used in any factory in the different parts of producing a shoe.—A. No, that would not be.

Q. Previous to 1860, practically, the only machine used was the Grover & Baker sewing machine for stitching the uppers?—A. Yes.

Q. Have you any familiarity with the introduction of the lasting machine, the machine for lasting shoes?—A. No familiarity. I have watched the progress of it in a general way—the experiments and the failures, and, finally, what they have got at present.

Q. Have you any means of knowing what proportion of the shoes that are manufactured are lasted by machinery?—A. No; I could not give an intelligent answer to that question.

Q. Is that machine applicable to all grades of shoes, whether of good or bad quality?—A. They claim so. There are different modifications of it. Some factories will not use it; some manufacturers reject it entirely.

Q. On the good quality or medium quality shoes is the rejection made?—A. Mostly, of course, on the better qualities.

Q. They prefer on the better quality to last by hand?—A. Yes.

Q. Is that due to odd styles?—A. It is just the manufacturer's idea. He wants a certain grade of product, a certain result, and thinks he can not get it with the lasting machine, so he prefers the hand.

Q. But it is a commercial success, speaking generally?—A. Generally, yes.

Q. Do you know anything about a combination among the manufacturers of shoe machinery?—A. The United Shoe Machinery Company have the trade; they are in control of the shoe machinery.

Q. When you say the control of the shoe machinery, would you kindly enumerate the different machines that the company controls, so far as you are able?—A. Yes; they have the control of practically all machines that it is necessary to use in a factory. They can supply a factory outright with all that is necessary.

Q. Do they control the McKay and Goodyear machines?—A. Yes.

Q. The expiration of the patent on the McKay machine does not interfere with the control of it?—A. They simply supply it, and there has been nobody else that offers the machine for sale. There is no legal way to control it. It is simply a matter that they hold the business control of.

Q. There are some machines, however, that they control by owning the patents?—A. Yes.

Q. Has the Goodyear patent expired?—A. The basic patent has, but the minor patents, the modification patents, I believe, are still operative.

Q. Then the United Shoe Machinery Company, without enumerating, controls substantially all the machines that are necessary in the production of shoes?—A. They control a line of machinery; but outside of that there are other machines in the market that can be utilized in place of their machines.

Q. Speaking practically?—A. This is their position: They have a complete line of shoe machinery, and their inducement is that they will outfit your factory from end to end and take care of it all the way through.

Q. What is the method of using that machinery; is it sold outright or is it leased?—A. Their patented machinery is leased.

Q. (By Mr. CLARKE.) Let me inquire here, are there two large shoe machinery companies?—A. Yes; a second one is in the field, and probably a third one.

Q. What are the names of the two?—A. The United Shoe Machinery Company and the Standard Shoe Machinery Company.

Q. (By Mr. LITCHMAN.) Are the machines of these competing companies the same as the others?—A. Yes; they practically do the same work.

Q. Now state, if you please, what has been the method under which these machines are operated.—A. They are leased.

Q. Those on which the patents have not expired are leased?—A. Yes.

Q. How is the royalty paid?—A. By the number of pairs.

Q. Do they fix the sum or do they have other methods?—A. They have a counter on the machine. The old McKay machine, you know, had a telltale, and they have a fixed sum.

Q. There is no sum now?—A. In some cases they fix the sum.

Q. The McKay machine is now sold outright, is it not?—A. Yes.

Q. And I suppose the other machines, as fast as the patents expire?—A. As I understand it, though I am not thoroughly familiar with the shoe machinery, the principal patents are on the Standard screw machines, the lasting machines, the Goodyear machines, and the heeling machines.

Q. Have you any knowledge of the feeling of the manufacturers toward this combination in the shoe machinery?—A. There has been some friction because the shoe machinery company undertook to prohibit the manufacturers from using any competing machinery, to prevent manufacturers from using the competing machines.

Q. Are you in possession of any of the agreements, or a copy thereof, between the shoe machinery company and the manufacturers?—A. Yes; I have copies. And on that matter last week there was an adjustment made which relieves the manufacturers of a portion of the royalty.

Q. Was that adjustment referred to in the article which appeared in your paper February 13?—A. Yes.

Q. Will you kindly submit a copy of that as an appendix to your testimony?—A. Yes; I will submit what would be better, a report of the secretary who had the matter in charge. (See exhibit.)

Q. What are the relations between employer and employees, generally speaking, in New England?—A. Generally speaking, very satisfactory. I do not know of any friction except on very minor matters.

Q. There has been no serious strike within a few years, has there, in the shoe industry?—A. No; not in ten years, no general strike.

Q. Have you any knowledge as to the organizations among the working men, whether they are strong?—A. Yes; the workmen are very well organized; the Boot and Shoe Workers' Union is. It seems to be well managed, and they are conciliatory in their ways as far as I know.

Q. You think, then, there is a better understanding between employers and employed than formerly?—A. Yes.

Q. Are you familiar, in a general way, with the laws of the State concerning sanitation and the hours of labor in factories?—A. No; I am not. I could not give any testimony on that point.

Q. You know that there are such laws?—A. Yes.

Q. And do you know that they give general satisfaction, as a rule?—A. I have not heard much complaint, so I think they have.

Q. The general sentiment of this State is in favor of liberal legislation in that direction?—A. Yes.

Q. Do you know of anything in the way of State or national legislation necessary to suggest in connection with the shoe trade?—A. No; I can not suggest anything, except that I suppose the manufacturers here would very much like to see the substance of the laws that they are working under carried out in other places where competitors have advantages that those laws give.

Q. Explain that a little more fully, please.—A. I refer to some of the Western States, for instance, on the subject of child labor, inspection, hours, female labor. The laws of Massachusetts are enforced.

Q. Do you know that there are factory-inspection laws in 19 States of the Union at the present time?—A. I know there are not in other States.

Q. I know there are factory-inspection laws in 19 States, so there must be factory inspectors, and those States include the largest manufacturing States generally; so that the disparity is not so great.—A. I have heard no specific complaints; only general complaints.

Q. Do your two tables of statistics cover the wages per man?—A. Yes.

Q. And there has been an increase during the decades that you referred to?—A. Yes. In 1860 the average wages were \$251.47; in 1870 reduced to a gold basis, \$250.23; in 1880, \$387.21; in 1890, \$476.37.

Q. You have not the figures for 1900, of course?—A. No.

Q. (By Mr. A. L. HARRIS.) Do you know anything about the wage paid in Europe—England, say?—A. Not definitely; only in a general way. I know it is less than half of what our men get.

Q. How do you succeed in manufacturing shoes and exporting to England?—A. Purely on account of the system. By our system and the use of machinery we get a much larger product and utilize the labor to so much better advantage that we get a better result.

Q. Have you an advantage also in the use of machinery?—A. Only as far as we use it. Our advantage is that the English do not use it. It is open to them to use, of course.

Q. Are the wage earners in this country able to turn out more per man than they are in England?—A. Not as individuals, no; certainly not; because those very men come here to work, and they are practically our workmen. They can not change. It is merely in the system and the management. They do each day's stunt. There is a little difference in this way, particularly in Great Britain: The labor unions are very strong there and very arbitrary, and the fundamental theory that they work on is that there is a certain amount of work to be done, and if one man does a little more than his share, there will not be enough to go round; and that idea is carried through everything, so that the very moment a man begins to try to push ahead a little more, with the idea of earning more, he is cautioned and warned, and expelled, if necessary.

Q. You say the better grade of shoes is exported to Europe, especially to England. That is the shoe that has the greatest amount of labor upon it, is it not?—A. Yes; you might so qualify my statement.

Q. Does it show a greater amount of skill than is usually put upon the shoe in England?—A. The shoes can be made in England just as well, embodying just as much skill; but if they were made in England they would be made almost entirely by hand work, and the hand work in that case would cost more than the work we put on here, so that the result would make the cost more. They are not lacking in knowledge or expert ability or in anything of that kind; and by working on our

particular system they would get the result. Ultimately they will have to do the same thing that we do.

Q. Is there any advantage in the material that is used in this country?—A. No; not over Great Britain, because the makers there get the same material.

Q. Do you manufacture a class of goods peculiarly for that trade?—A. No; not especially. In some instances our manufacturers adapt the patterns a trifle to suit the country; but on the whole, I should say not.

Q. Are the manufacturers in this country generally incorporated companies?—A. No, I should say not.

Q. Partnerships merely?—A. The incorporating idea is growing, and the tendency is to incorporate more instead of having partnerships.

Q. Is there a tendency to form larger corporations that have more capital?—A. Not necessarily larger, but the corporate form is preferred to the ordinary partnership.

Q. Would large capital reduce the cost of production?—A. Yes, to some extent, I presume; but the product of shoes is so diversified that that element would figure less than in a straight product, such as iron, steel, or anything of that kind, where there is no variation in the character of the product. There is so large and so wide a variation in the product of shoes that the feature of large capitalization does not have so much effect.

Q. Would large corporations be any advantage in the introduction of your shoes in foreign markets?—A. Certainly, the matter of capital and long credits would have. The foreign trade generally has heretofore been supplied from Europe, so the idea of long credits is almost universal, and firms make their profit more on interest than they do on prices.

Q. You speak of the association; that is merely the association of the different factories to introduce their goods?—A. Yes, merely three factories making different lines combined on one salesman to represent the three different lines at one house.

Q. (By Mr. LITCHMAN.) What effect have the department stores had on the distribution of shoes and the prices obtained for them?—A. No appreciable effect, I should say. They buy the same as other parties, and the expense of retailing is practically the same.

Q. (By Mr. A. L. HARRIS.) Are shoes of the same quality cheaper now than they were ten years ago?—A. Oh, very much so; yes.

Q. To what is that reduction due, the introduction of machinery?—A. Partly; almost wholly.

Q. Do the machine-made shoes wear as well as the handmade shoes?—A. Yes; they are of just the same material. The wear is practically the same.

Q. Are they as easy to the foot?—A. That is merely a matter of the pattern or cutting. There would be no difference in that particular.

Q. Speaking about the machinery, do I understand that the machines are divided for special work on the shoe? That is, you have a machine for putting on the heel and making the heel; is that separate from the other part of the machinery?—A. Yes, it is.

Q. The shoe, then, is made by different machines?—A. Yes.

Q. Take the machine for putting on the heel. What amount of work will it do as compared with hand labor?—A. It would be hard to give an answer, because it is hard to determine just what such things would be. I hardly know how to put it, but certainly very much more. One man with a heeling machine will put on all of the heels necessary in a shop where it would take 15 or 20 men to do it by hand.

Q. Does the same proportion run with the other machines?—A. That is the idea all the way through.

Q. You think one man to each machine would do as much work as 15 or 20 men would do by hand?—A. Yes.

Q. (By Mr. LITCHMAN.) Would it be quite fair to reckon that way?—A. I would not specify 15 or 20 or 30 or 10, but in a general way that is the way it is.

Q. Is it really a displacement inasmuch as the machines have come in and done the work?—A. That is the old question. It is a displacement at that particular point, but the results prove overwhelmingly that there is a much larger demand for labor than before.

Q. (By Mr. A. L. HARRIS.) Is that due to cheapening the product very enormously?—A. Yes. It has usually worked out that where there is the greatest development of labor-saving appliances in the United States there is to be found the highest rate of wages. The lowest development is in China or India, where you have the opposite result. That is the invariable rule. Wherever you find a development of machinery and appliances you find a corresponding development and requirement for wages.

Q. In the end the machine has been of no disadvantage to the laborer?—A. Decidedly an advantage.

Q. Is it not the general rule?—A. The absolutely universal rule.

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Q. Is not that fact being accepted now by the laboring men in this country themselves?—A. Yes; and in Great Britain, but there the growth of the acquiescence is very, very slow. They are fighting it very hard.

Q. Was the introduction of improved machinery very seriously contested, when first introduced, by the laborers in this country?—A. Not in every case. In the shoe trade it was more on an independent basis, and the results were accepted gradually.

Q. (By Mr. LITCHMAN.) The growth of machinery has been along with the growth of business in this country, particularly in the shoe trade?—A. Yes; the great advantage which this country had (of course it is not relevant to the shoe business particularly), but my general idea is that during the civil war we had a scarcity of labor and that scarcity forced these mechanical appliances to the front, and the results were accepted and shown to be advantageous before there was a chance to organize opposition to them.

Q. Is it not a fact that the McKay machine was brought into practical use in 1861?—A. Yes; just at that time they could not get labor. There was quite a serious opposition in Lynn, but the pressure was so strong it was swept away.

Q. There was opposition to the introduction of lasting machines by the lasting unions?—A. Yes; there is opposition yet, in a measure.

Q. (By Mr. A. L. HARRIS.) Your figures show an increase in the East, or rather in New England. Do you know how far that will generally go, taking the country over, where the small shoe shop has gone and the shoe manufactory takes its place?—A. These figures are for the whole country, including New England. I can only approximate it in this way, as I have explained that the census gives a separate report for shoe factories and another report for shoe custom work and repairing. Taking the total you have the total shoe product, and by comparison you get the conditions. That is the only way you can approximate the actual results.

Q. (By Mr. CLARKE.) Do you know how the shoe manufacturers in this section generally regard the tariff on shoes?—A. Practically they do not know there is any tariff, because there have been no imports of shoes into this country—that is, no imports in a commercial way for 25 years. Some 10 or 15 years ago some stores in Boston made a feature of selling English and French shoes, charging a very excessive price for them. I do not call that commercial importing. But aside from that circumstance there has been no importation of shoes practically since the war, when we first developed the McKay machines and got started on that line. Four out of 5 manufacturers will say there is no duty on shoes.

Q. With the extensive introduction of American shoe machinery abroad would there be, in your opinion, any danger from importations if the tariff were repealed?—A. I think it would be a very decided advantage to leave it on, because the time is liable to come any day, particularly in some specialty. Canada is now developing quite rapidly in shoe machinery; so with Germany, France, and Switzerland, which are fully equipped with the best machinery we have. They have a great advantage in the price of labor, and it would be comparatively easy for them to go in for specialties of some particular nature and get an opening.

Q. Is the duty of 25 per cent on shoes any obstruction or embarrassment to the manufacturer in this country in any way?—A. No; it is practically a dead letter. As I say, there are no imports, and so there is no duty collected; it is entirely inoperative.

Q. But you think there might be imports?—A. There might be. There probably would be in a minor way if there were no duty. Some would attempt it.

Q. How do the manufacturers in this part of the country generally regard the duty on hides?—A. They consider it as an injury, a handicap; but in my individual opinion I think they exaggerate the effect. On the face of it, it is of course a handicap, because we are obliged to import a certain amount of hides to make up the leather we need, and anything that tends to increase their cost of course is more or less of an obstruction. But the fact is that the proportion of imports is relatively small to the whole production of hides, and on the principle of market values of course the greater must control the less, and the domestic hide production of approximately 10 per cent must fix the hide value as against the 10 per cent imported. Of course the duty on the imports has some effect.

Q. (By Mr. LITCHMAN.) I have heard a manufacturer of leather say that when the duty was taken off hides the hides in South America would advance exactly the amount of the duty. Do you know that to be a fact?—A. That was the fact previously, I think, when the 10 per cent duty on hides was removed in 1872.

Q. (By Mr. CLARKE.) Practically has there not been an advance in the cost of hides to our leather manufacturers since the duty was restored?—A. Hides have advanced, and it is easy to assume cause and effect, but the advance is very easily explained by domestic conditions. The great decrease in the domestic supply at that time and the change to more general prosperity easily accounted for the advance in the price of hides without any reference to the matter of duty. Of course it came at the same time, and most shoe and leather men will say it was due to the tariff. The tariff duty would account for 15 per cent, while the advance

was in some cases 100 per cent, and no argument could make the 15 per cent duty account for the 100 per cent advance in price. It was a coincidence. But what they complain of most is the drawback duty on leather, which on the face of it gives the foreign manufacturer of shoes a trifling advantage. That is to say, there is a drawback allowed on leather made from imported hides when it is exported. If the manufacturer here buys it, he does not get the drawback. So the drawback is a little premium to the foreign buyer. The claim is made that it is a disadvantage in that way.

Q. (By Mr. LITCHMAN.) Is there not an advantage to the home market by opening everything for the surplus product of the factory?—A. Yes; it is an advantage to the leather men. They do not complain.

Q. Is it not a further advantage that a factory shall run to its full capacity?—A. Decidedly so. The drawback is a good thing, certainly, for leather. The only thing the shoe manufacturer says is he does not get the benefit of it in his particular business.

Q. In other words, the tariff is a local issue?—A. Yes.

Q. (By Mr. CLARKE.) In view of the conditions, is it possible to trace the exact increase in the cost of leather to the shoe manufacturer as a result of the duty?—A. No; it is impossible, because in the first place we have got to assume arbitrarily that this duty of 15 per cent advanced the whole domestic product, which of course as an economic statement is an absurdity. In a general way the 15 per cent duty on less than one-third of the supply, by all rules and laws that we know anything about, would not raise the price of the bulk of the domestic hides. We have got to assume that it does. Then the cost of the hide will represent approximately one-half the cost of the leather. So the duty to the man that uses the leather is reduced by one-half to start on. The cost could not be advanced over 7½ per cent. When you get the shoe, the leather in the shoe is, roughly, one-third. By the time it gets to the shoe man it is one-third of one-half, so that assuming the gross result it is not very alarming.

Q. Has there been no increase in the cost of shoes to the people since the duty was restored on hides?—A. No; not much.

Q. On the other hand, has there not been a general decline in price, owing to various improvements and quicker efficiency in production?—A. Yes; there has been quite an increased export of leather in the last 3 years, along with shoes. In 1897 the exports of leather amounted to \$16,321,849; in 1898, \$18,682,833; in 1899, \$22,104,451; 1900, \$21,297,539.

Q. (By Mr. LITCHMAN.) Was the leather exported principally oak tan?—A. Practically no oak leather is exported. The exports of leather are the hemlock product. That has been the case from the start.

Q. (By Mr. CLARKE.) Has the new tannage by chemical process which has been developed in Philadelphia also tended to increase the exportation?—A. In that particular line, but it is small. We need all the goatskins we can get for our own trade and do not have much to spare for export.

Q. That leads me to ask if you are familiar with the changes in styles of leather used for shoes that have been made within recent years? How long is it since it was the general practice to wear long-legged boots?—A. In my recollection it is within the last 30 years that the long-legged boots have practically gone out of existence.

Q. That change made a smaller demand for leather?—A. Yes; naturally.

Q. And has there been in recent years a large increase in the use of goatskins?—A. Yes; a very large increase.

Q. Is that due very largely to the Philadelphia tannage?—A. Yes; you may say almost entirely. Previous to that the goat leather was largely French kid—glazed kid—tanned with the alum or oil process, and it was easily destroyed. It could not stand water at all, and was only used for ladies' shoes, for very fine work. This mineral tannage gives a leather that resists better and is very largely used. There is something of a famine in goatskins now. They have difficulty in getting the supply needed. Our normal import of goatskins 5 years ago was about \$10,000,000 to \$11,000,000 worth, and last year it was \$21,000,000 worth (\$21,987,774). Of that quantity very little is exported. It is pretty nearly all domestic consumption.

Q. Do you know whether or not that new tannage has been introduced in New England?—A. To some extent, yes.

Q. Is it successful?—A. Oh yes. It is being introduced into Germany and France now.

Q. (By Mr. A. L. HARRIS.) Did you give the figures for the importation of leather?—A. No, I have not given them. I think I can give you a general idea on that point. The imports of leather for last year, 1900, amounted to \$8,196,770; for 1899, \$5,750,937. That is the total of all kinds. The principal items are skins from Europe. Those include calfskins and goatskins.

Q. Is that leather in any way superior to our tannage?—A. Not superior. It is a good deal like the French shoes; some people want it and are willing to pay for it.

Q. We have just as good leather in this country as the French kid?—A. Well, the imports run \$6,000,000 and the exports \$22,000,000.

Q. Does the fact that shoes are made from imported leather increase the price of the shoe?—A. On the face of it, yes. The imported leather pays a duty of 20 per cent, and on the face of it it would cost more, but as a matter of fact, when there was a reduction of duty on French calfskins, for example, the French prices merely advanced that amount. Anything sold on the market has to meet the market price whatever it is, and the duty may be high or low. The quantity of imported leather is not large enough by any possibility to affect the general price; and yet at the same time it is likely it does affect the price to any one who uses that particular material.

Q. Is there any difference in the wear of the imported leather and our own tannage?—A. No. Our hemlock tannage is superior in wearing quality, as demonstrated by tests and everything else; but the people want the other and pay for it, and they are entitled to have it.

Q. When the jobber sells the stock made out of imported leather, he advertises the fact?—A. Quite prominently.

Q. Therefore it is higher in price?—A. Yes; leather that is imported, aside from skins tanned with hemlock—that means skins tanned in India by the Indian process, imported here and finished here. But aside from that the leather imported to this country is mainly for custom workshops and goes largely to them. Their customer will want a particular French calf that he used to get years and years ago; insists on it, and of course he gets it.

Q. Does this quicker process of tanning produce as good stock as the old process?—A. There is practically no change in the ordinary process. There is a slight quickening of the process, but no essential change. The new process we were speaking of is a special process for tanning goatskins, but the bulk of the leather we use is hemlock tanned leather and there has been no change, speaking generally.

Q. Is steam used in any way to assist?—A. Yes; it is used in a general way, but the process is practically the same.

Q. When we see a steam tannery advertised, it does not mean it does the work by steam?—A. No; simply a steam engine to do the work, like a steam bakery or a steam laundry.

Q. What is the relative price of exported goods compared with the home price for the same goods?—A. It is the same price; no difference.

Q. Is the American shoe for sale cheaper in Europe than in this country?—A. No. They get better prices, because the shoes sold in Europe are fashionable fads, so to speak. They are not sold in bulk or in quantity. For instance, \$1,000,000 worth of shoes is sent into England. It would take probably \$80,000,000 worth of shoes to supply the English market, so \$1,000,000 worth is not going to cut much figure, and it will be confined mainly to fancy lines.

Q. It is not true that the American wearer buys more than the foreign consumer of American shoes?—A. No; decidedly not.

Q. (By Mr. CLARKE.) Has electricity been introduced in tanning?—A. There are claims made for it and processes claiming electrical use, but so far as I know it can not be called a commercial success. They claim it expedites the absorption of the tannic acid into the fibers of the hide, and so on, but it has not been demonstrated to the satisfaction of any large number of tanners.

Q. Does the competition have anything to do with fixing the price of the manufactured product in the shoe business?—A. Very decidedly.

Q. Has that been so sharp that it has become ruinous?—A. It has ruined some. There have a good many factories failed from time to time. You could hardly say it was ruinous, for some have prospered. But it is figuring very close.

Q. It is the survival of the fittest?—A. It takes very careful work to get through.

Q. (By Mr. LITCHMAN.) Is there a tendency among manufacturers to make specialties?—A. That is one explanation of our success in shoe manufacturing as compared with other countries. The foreign manufacturer aims to make all the styles and grades that his trade calls for. Necessarily the changing from one to the other involves a great deal of waste of time, material, and energy. Having the market that we have here, and running the factory on one particular line of goods, so that every man in the factory from end to end knows his exact place and works automatically, you get a result that is impossible in the other way.

Q. Is not that individual specialization carried also to the extent that some one town will have a specialty?—A. Yes.

Q. For instance, Brockton ran to men's shoes and Weymouth to high-topped boots in the days gone by?—A. Yes; it tends to development in that way. That is one explanation. We have it at present; whether we will keep it permanently, that is another question. The chances are there are just as bright men on the other side as there are here, and they will learn it after a while.

Q. (By Mr. CLARKE.) Is there a New England shoe exchange?—A. Yes; it is the New England Shoe and Leather Association. It is merely a general association of the interests for any purpose that may come up. It started originally as a credit

reporting agency, but they have dropped that feature of it, and now it is merely an advisory association as to the business standing of men and any special questions that may come up. They have special conditions for freight classifications; and whatever they think affects their interests they try to meet it.

Q. Do all the shoe and leather manufacturers belong to it?—A. No; not all. We have a pretty fair representation, but it is like all associations in that there is no compulsion about it. A good many do not belong and they get the benefit without paying.

Q. Are there other organizations of the trade?—A. Not mercantile organizations. We have a boot and shoe club. It is a dining club, meeting once a month at the hotels—purely a social organization—not business at all.

Q. Is there any place in Boston where the product of all the New England shoe factories is gathered and sold?—A. No; they are sold in individual stores. The New England Shoe and Leather Association originally contemplated that, and for a number of years did have a regular exchange, meeting twice a week, Wednesday and Saturday. But when the building was burned down, pending the rebuilding of another, for some unexplained reason the custom died and was never revived.

Q. (By Mr. LITCHMAN.) Was that the exchange that formerly occupied No. 44 Hanover street?—A. Yes.

Q. (By Mr. CLARKE.) Are there any auction sales?—A. None practically. There are some auction houses in New York and one here that sells consigned goods, but no general auctions.

Q. Is there any agreement among manufacturers concerning the output or price or wages of labor?—A. None whatever. It is competition from end to end.

Q. What is the general condition of it at the present time as regards prosperity compared with 3 or 4 years ago?—A. It is decidedly better; much larger output and better results all the way through. From 1894 to 1896 there was a very marked shrinkage in the output. Since then it has increased and now the manufacturers are generally very busy and prosperous, although prices are close and they have to watch the corners closely. But they get along much better than they did 3 or 4 years ago.

Q. What, in your opinion, would be the effect of general tariff legislation by Congress upon the prosperity of this and other industries?—A. This industry would not be affected directly, because of the peculiar conditions. They have their whole supply at home, and the whole market practically, so there is no direct foreign competition coming in. At the same time, if it affected other industries it would affect the consumers of their product, as it did in 1894 and 1896.

Q. When measures are pending that affect the industries in that way, does the trial come on actively or is there some hesitation?—A. They naturally wait, the same as in every other industry. Anything that affects the general prosperity affects the industry, naturally. They would get the same result as everybody else from the indirect effect of measures changing the general situation.

Q. So far as you know, is there demand or desire for a revision of the tariff?—A. No. Aside from the matter of hides, there is no tariff sentiment either way—no general sentiment.

Q. Do manufacturers attach enough importance to the tariff on hides so that for the sake of getting advantage in that they would hazard the general prosperity?—A. I hardly think so. I think the sentiment in favor of a change in the hide tariff is not so pronounced as it was at first. I think they are gradually appreciating the fact that it is not so drastic as they feared. Some were very much alarmed, and predicted tremendous results, which never came. For instance, it was predicted that there would be absolutely no possibility of exporting leather. On the face of it it was the reasonable argument; that 15 per cent on the hides imported would effectually prevent the exportation of leather; but as a matter of fact the exportations of leather increased largely and shoe production and shoe exporting increased largely. Specific evidence in figures would be hard to point out. In a general way the duty is not protective in any sense. It is not a revenue producer. Hides are a by-product, and what is collected is repaid back when the leather is exported, if any is exported. It is neither the free-trade theory nor the protective theory; it is neither the one nor the other. There is no economic reason for its existence on any theory. The nearest approach is the revenue tariff. The only tariff on hides was the Walker tariff in 1857, when it was included as a revenue duty and the war tariff of 1861. In 1872 when duties were taken off tea and coffee and other articles the hide duty was included. (Testimony closed.)

EXHIBIT.

THE SHOE-MACHINERY LEASES.

REPORT OF THE COMMITTEE OF THE NEW ENGLAND SHOE AND LEATHER ASSOCIATION ON THE MODIFIED FORM OF LEASES—THE NEGOTIATIONS AND THE RESULT.

[From the Boot and Shoe Recorder, February 13, 1901.]

The special committee of the New England Shoe and Leather Association appointed to confer with the United Shoe Machinery Company for the purpose of securing a modification of objectionable features in the shoe-machinery leases submitted the following report:

BOSTON, February 6, 1901.

To the president and directors of the New England Shoe and Leather Association:

The committee appointed to consider the request that the New England Shoe and Leather Association should secure some modification of the terms in the proposed lease of the metallic-fastening machinery by the United Shoe Machinery Company so that shoe manufacturers would be permitted to use such machinery in connection with lasting machines, welt-sewing machines, or turn machines other than those of the United Shoe Machinery Company report as follows:

This matter was originally referred to the patent committee of this association early in September, 1900, which committee, at a meeting held on September 12, 1900, gave a hearing to several manufacturers, and at a special meeting of the full board of directors on September 26 made a report mentioning several clauses of the lease which were objectionable, and that in their opinion shoe manufacturers throughout the country ought to decline to sign or accept a lease containing such conditions. The report closed by recommending that a special committee be appointed to confer with the United Shoe Machinery Company and secure the removal or modification of the objectionable clauses of the lease.

For the reason that the questions involved were of such great importance to our industry, and that two members of the committee on patents were absent when the report was made up, the board of directors referred the report back for further consideration at a full meeting of the committee. After considering the matter at another meeting, the committee on patents again submitted their report to the board of directors at a meeting held October 3, and renewed their recommendations that a special committee be appointed to confer with the machinery company.

The report was accepted and the board voted that the executive committee of the association, together with such others as they should appoint to join them, should be a special committee with full powers to act in the matter.

At the first meeting of this special committee, held October 11, it was recognized that the United Shoe Machinery Company was the owner of the most complete system of shoe machinery in existence, and that it would be difficult to successfully conduct a shoe factory without using some part of that system of machinery. They also recognized that the service rendered by the company was generally efficient and satisfactory; that it was possible for a financially strong company managed by able men, controlling the different types necessary to make one complete system, to render prompter and more efficient service than a dozen or twenty different companies or individuals more or less scattered. They were also obliged to recognize that a company owning such a system, secured partially by patent rights, but more certainly by its mechanical and commercial situation, was in a position to dictate the terms on which it should place its machinery in our factories.

Under some of the leases already in existence the lessees could demand new parts or machines substantially on the same terms as those already in operation, but to new lessees and for all new types of machines the company could refuse to put out any machine except on such terms as they deemed advantageous to themselves. The business and profits of the company, however, depended upon the use of its machinery, and it was the declared policy of the company to meet the reasonable views of manufacturers and thus secure their business.

The president of the company disclaimed any intention to arbitrarily take advantage of the very stringent terms of the proposed lease, but insisted that such stringency was necessary in order to protect the company against dishonest lessees. He repeatedly asserted that no fair-minded and fair-dealing lessee would ever have reason to complain.

Under these circumstances the committee began its work. And in order that they might be informed on the legal aspect of the matter, they retained as counsel Hon. Richard Olney, Moorfield Storey, esq., and George N. Goddard, esq., and have since been assisted and guided by their advice.

At the first conference President Winslow stated that by consolidation of interests the company had been enabled to offer more favorable terms than would otherwise have been offered to those who used their entire system. The ironclad lease was designed to carry this into effect and would not be changed, but when the committee presented in detail the points they deemed important the president of the company agreed to put out also a modified lease, embodying some of the changes asked for, especially the right to use the metallic-fastening machines in connection with lasting machines, welting machines, or turn-sewing machines other than those of the United Shoe Machinery Company, for which the company might charge for metallic fastening not exceeding 10 per cent more than was charged to those working under the ironclad lease.

There were other points considered essential by our committee, and many and lengthy conferences were held in the endeavor to agree upon them.

It should be said that President Winslow was ready to sit continuously day after day until the matter could be closed. The committee, however, because of other duties, and because they wished fully to understand the matter as they proceeded, and because they must consult with parties at a distance, were responsible for much of the delay.

Meantime we communicated with a committee appointed by the Shoe Manufacturers' National Association for a similar purpose, and suggested united action, and on December 14 a joint meeting of the two committees was held at the rooms of the New England Shoe and Leather Association.

On the morning of December 15 a meeting of the joint committees was held with officials of the machinery company. This conference lasted all day and well into the evening, but as no satisfactory results were reached, and as the members of the committee of the National Association of Boot and Shoe Manufacturers (with the exception of Mr. Schober) were obliged to return home, they delegated Mr. Schober to act for that association in conjunction with the New England Association with full powers.

On December 17 the machinery company submitted a draft of a modified lease which they expressed a willingness to adopt. While it contained several changes from the original lease it did not sufficiently cover the modifications asked for to meet the approval of the committee, and the machinery company was so informed.

Repeated conferences were held from this time on up to January 9. In the meantime further modifications and changes had been made by the machinery company, but they did not sufficiently comply with the requests of the committee to meet their approval, and the committee, seeing no immediate prospect of a satisfactory arrangement, proposed leaving further discussion of the matter with the counsel of the committee and the counsel of the machinery company.

These conferences between counsel continued until January 29, when another draft of lease was submitted to the committee, which it was decided to accept.

Some of the modifications or concessions secured are as follows:

First. Under the ironclad lease the lessee in effect binds himself not to use the metallic-fastening machinery on shoes that have been lasted, welt stitched, or turn stitched on machines other than those leased from the United Shoe Machinery Company. The modified lease omits this provision and binds the lessee to pay 10 per cent more than the regular established price for fastening material as consideration for the privilege of using its metallic-fastening machines on work that has been lasted, welt stitched, or turn stitched on other machines than those of the lessor.

Second. The modified lease contains a clause which secures to the lessee the right to obtain additional machines on the same terms from the lessor if the lessee's business requires it.

Third. While under both forms of leases the lessee agrees to use the lessor's metallic-fastening machinery exclusively, the penalty for breach of this provision in the two leases differs. The penalty for failing to do this under the ironclad lease is the forfeiture of all leases in all departments now or hereafter subsisting between the lessor and the lessee; also such breach makes the lessee liable to an action for damages. Under the modified lease the failure to use the lessor's machinery exclusively, so far as the work in the factory permits, does not work a forfeiture of all leases, but only of all leases of the metallic department machinery.

Under the modified lease a breach of the agreement of extent of use and exclusive use of the metallic machinery works a forfeiture of all metallic-department leases, but of no others. A breach of this clause occurring within the first 5 years also subjects the lessee to an action for damages, but after 5 years the only penalty is the loss of all metallic-department machinery and leases.

Fourth. The estoppel clause in regard to contesting patents is qualified in the modified lease, so that it applies only to acts committed while the lease is still in force. Upon the surrender or cancellation of the lease the estoppel clause is no longer operative.

The company agrees that the leases shall be interchangeable until February 1, 1902,

after which the modified lease can be changed to the ironclad, but not the ironclad to the modified, except by agreement.

It should not be forgotten that this committee was charged with the consideration of the metallic-fastening leases only, and its work was confined to them, but during the negotiations the president of the United Shoe Machinery Company assured the committee that the lasting-machinery leases to be put out would not prohibit the use of the machines in connection with other welt-sewing or metallic-fastening machines than those belonging to the company; also that the welting-machine leases would not prohibit their use in connection with the lasting machines other than those of the company.

The metallic-fastening machinery lease is only one of several forms of lease which manufacturers will be asked to sign, and the committee suggest that manufacturers should, before signing, carefully examine and perhaps refer to legal counsel all leases, so that they may understand fully the terms of the contract.

It is clear that the intent of the company is to make such contracts with shoe manufacturers as to give it a monopoly of the manufacture and sale or lease of shoe machinery, but the committee believes that if it acquires such monopoly it must be done by serving shoe manufacturers, and therefore the consuming public, better than they can be served by any other agencies. The moment they fail to render such service their hold on monopoly begins to weaken.

It is not possible to write a contract so strong as to compel the world to use any system when a better is obtainable. Whenever any one machine or system of machinery is created that will do the work better or cheaper than that of the United Shoe Machinery Company it will make its way.

The fear has been expressed that should one company control all the machinery in use in the production of shoes it would be quite easy and enormously profitable to create a trust which would be a monopoly in the shoe manufacturing business.

The committee has not discovered the remotest indication of such intention. The present managers of the United Shoe Machinery Company are unusually able, experienced men, and they know that their profits are to come from cooperation with shoe manufacturers rather than competition with them.

Your committee advises that manufacturers take time to understand each of the two leases, particularly the agreements in regard to using the machines exclusively. While neither may be entirely satisfactory, probably most manufacturers will find it for their interest to execute one or the other. A large number who are quite willing to depend for their principal machinery entirely upon the United Shoe Machinery Company, believing they will be at all times supplied with the best system and on the most reasonable conditions, will execute the ironclad lease. Those who wish to be free to use other systems or parts of systems will prefer the modified lease.

The United Shoe Machinery Company, by its large capital, superior facilities for manufacture, and the employment of a large force of inventors and mechanics specially skilled in the creation, manufacture, and care of shoe machinery, is in a position to be of immense benefit to the trade generally, and to serve its lessees efficiently. It is for the interest of the trade that it should continue to be so. Any impairment of its condition reacts upon the manufacturing interest. At the same time the door should be left open for the encouragement of invention from any other source. New England leads the world in shoe manufacturing because of the genius for invention of her people and the perfection of her machinery and methods. Stifle the opportunity for invention in the slightest degree and you at once imperil our admitted supremacy.

The committee believe that in the future as it has been in the past the relations between the company and its lessees will continue to be harmonious and mutually advantageous. It is the declared policy of the company to meet every reasonable demand of the manufacturers without always exacting the last letter of the law.

If the operation of these leases prove unfavorable to the interests of the lessees they can by united action take measures for such changes as are necessary.

The committee understand that shoe manufacturers are not required to surrender existing leases, but relying quite as much on the established policy of the company and the statements of its representatives as upon the written contract we recommend to the members of this association that for additional machines they execute one form or other of the new leases.

Respectfully submitted,

WILLIAM B. RICK,
ELISHA W. COBB,
ROBERT BATCHELLER,
EDWARD D. VAN TASSEL,
EDWIN W. BAXTER,
JAMES W. HITCHINGS,
GEORGE P. SCHOBEE,

Committee.

BOSTON, MASS., February 18, 1901.

TESTIMONY OF MR. WILLIAM M. WOOD,

Treasurer American Woolen Company.

The subcommission met in the rooms of the Home Market Club at 2.30 p. m., Mr. Clarke presiding. At that time Mr. William M. Wood appeared as a witness and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. William M. Wood, No. 116 Ames Building, Boston.

Q. What is your occupation and position?—A. I am the treasurer of the American Woolen Company.

Q. When was that company organized?—A. In March, 1899, and began business April 17, 1899.

Q. Was it a combination of several woolen manufacturing concerns?—A. Yes.

Q. Can you give the names of the constituent companies?—A. With pleasure.

Following is a list of mills, with their locations, capacities, and manufactures:

Washington mills, Lawrence, Mass.; National and Providence Worsted Mills, Providence, R. I.; Saranac mills, Blackstone, Mass.; Fulton Worsted Mills, Fulton, N. Y.; Fitchburg worsted mills, Fitchburg, Mass.; Beoli mills, Fitchburg, Mass.; Valley worsted mills, Providence, R. I.; Riverside worsted mills, Providence, R. I.; Assabet mills, Maynard, Mass.; Sawyer mills, Dover, N. H.; Bay State mills, Lowell, Mass.; Beaver Brook mills, Lowell, Mass.; Vassalboro woolen mills, North Vassalboro, Me.; Puritan mills, Plymouth, Mass.; Anderson mills, Skowhegan, Me.; Kennebec mills, Fairfield, Me.; Manton mills, Manton, R. I.; Anchor mills, Harrisville, R. I.; Chase mills, Webster, Mass.; Brown mills, Dover, Me.; Ray woolen mills, Franklin, Mass.; Weybosset mills, Providence, R. I.; Baltic mills, Enfield, N. H.; Moosup mills, Moosup, Conn.; Lebanon mills, Lebanon, N. H.

Total looms, 5,410; total spindles, 298,980; total sets of cards, 541; total combs, 166; land, 603 acres. Mill buildings contain 5,480,065 square feet of floor space.

Manufactures.—Beavers, kerseys, friezes, and cadet and uniform cloths, coverts, broadcloths, venetians and vicunas, piece dye and mixed clay diagonals, fancy-weave piece dyes and mixtures, serges, wool and worsted cheviots, all grades of worsted and wool fancy trouserings and suitings. We are also spinners of worsted yarns, English and French systems.

Q. What is the capital of the American Woolen Company—the authorized capital and the capital actually paid in?—A. That to-day is \$20,000,000 of preferred, 7 per cent cumulative, and \$29,501,100 common stock. The authorized capital is \$25,000,000 preferred and \$40,000,000 common.

Q. How was the new company formed—by the constituent companies coming in on an agreed basis or by buying them outright?—A. The larger companies came together and associated with them others and formed an organization, and then bought in afterwards some other plants, so that to-day the company consists of what were formerly 26 corporations or private plants.

Q. Was the new company organized by a promoter or by some of the leading men in the different companies coming together and agreeing to consolidate?—A. The idea originated with the manufacturers themselves. The business had gotten to such a point and the competition was so severe that it was brought about through a natural evolution.

Q. Under the laws of what State is the company organized?—A. Under the laws of the State of New Jersey.

Q. Does it keep an office for transfers, etc., in New Jersey?—A. Yes.

Q. Where is that?—A. No. 55 Montgomery street, Jersey City.

Q. But the principal business office is elsewhere?—A. In Boston.

Q. Is the management of the different mills directed from your office?—A. Yes.

Q. As to the kind of goods they shall produce and any changes in machinery?—A. Yes.

Q. And changes in operation?—A. The policy is marked out from the Boston office.

Q. How is your board of directors constituted—of men who have been in the boards of the constituent companies?—A. Partly, and partly financial men.

Q. Will you give a list of your board?—A. This list I now hand you gives the names of the directors, the executive committee, the selling agency, the comptroller, etc.

Officers.—President, Frederick Ayer; vice-president, Frank Jones; treasurer, William M. Wood; assistant treasurer, Edward P. Chapin; secretary, Joseph T. Shaw.

Directors.—Frederick Ayer, Lowell, Mass.; Frank Jones, Portsmouth, N. H.; Charles E. Flint, New York; William M. Wood, Andover, Mass.; Francis W. Kittredge, Boston, Mass.; James Phillips, jr., Boston, Mass.; Samuel P. Colt, Providence, R. I.;

Edwin C. Swift, Boston, Mass.; Edward P. Chapin, Andover, Mass.; J. Clifford Woodhull, Summit, N. J.

Executive committee.—William M. Wood, James Phillips, jr., Frederick Ayer.

Selling agency.—American Woolen Company, New York; J. Clifford Woodhull, selling agent.

Comptroller.—Hamilton S. Corwin, certified public accountant.

Transfer agents.—Guaranty Trust Company, New York City, N. Y.; Old Colony Trust Company, Boston, Mass.; Registrar and Transfer Company, Jersey City, N. J.

Registrars.—Knickerbocker Trust Company, New York City, N. Y.; International Trust Company, Boston, Mass.

Q. Have all the mills which were taken over by the new company been operated steadily since the organization?—A. No.

Q. Have any of them been closed all the time?—A. We have shut down one plant, entirely dismantling it.

Q. What was the reason for that?—A. It was antiquated and located in an undesirable place for woolen manufacturing.

Q. The change, then, was for economic reasons?—A. Yes; we transferred and absorbed the machinery in our other mills, so that we did not lose the capacity of the mill.

Q. Have you changed the production of the mills you took over?—A. Yes, in some instances.

Q. So that some of them are not producing such goods as they produced before?—A. Yes.

Q. Has that necessitated a change of the machinery?—A. Yes, in some instances.

Q. What are the principal advantages of consolidation in that way as compared with the old separate managements?—A. Numerous. To begin with, the selling of our goods direct is a great feature in economizing; and then the convenience or the facility afforded the different managers to compare notes in the running of their various departments has brought around happy results. The benefits accruing in that way have resulted in the better running of the same plants. By the centralization of the business we are able to buy our supplies more economically. Then, to be able to make a comparison of the mill costs in the various departments of the various mills with each other is invaluable, and has resulted to the great advantage of the company. The distribution and manipulations of the stock is another feature.

Q. Do you mean the stock of the company or the stock you manufacture?—A. The stock in process, yes; economies arising from the transfer of materials from one mill to another; any mill not being able to use its waste product, it could be used in some other mill.

Q. (By Mr. LITCHMAN.) What one mill would waste another mill could use?—A. Yes; practically that.

Q. (By Mr. CLARKE.) You produce different kinds of goods in the different mills, then?—A. Yes.

Q. Whereas under the old system some of the mills were producing the same kind of goods as others and competing?—A. Yes; we have also saved a great deal in freights over the old arrangement.

Q. The consolidation, then, has resulted in various economies in production and distribution?—A. Yes.

Q. How has it affected the labor employed?—A. The American Woolen Company has increased its wages, and I think is to-day paying the highest wages ever paid in this country in woolen manufacture. It is embarrassed to-day by other mills in the country who have not responded to the increase, but, notwithstanding, we have been able to maintain a very high standard—the highest ever paid.

Q. How does the number of people employed by the American Woolen Company compare with the total number employed by the several companies which are constituent to it?—A. We are engaging more men, and have a larger pay roll than ever before. There has been an increase in the number of operatives.

Q. Are you producing more goods?—A. We are producing more goods and have added more machinery.

Q. Are you producing better goods than the old companies ever did?—A. We think so.

Q. Does your product embrace about all the varieties of woolen goods consumed in this country?—A. All but ladies' dress goods and perhaps the very cheapest shoddy goods.

Q. Have you any knit goods?—A. We have not. I refer to men's wear particularly.

Q. How do your goods compare in quality with the imported goods which compete with them?—A. Compare very favorably, although I suppose there are people in this country who insist on foreign goods, but we do not meet serious competition now.

Q. Do you aim to produce goods which compete with the Bradford worsteds?—A.

If you localize Bradford worsteds, I should say yes. I think our goods are superior to the Bradford goods.

Q. The principal competition from foreign woollens has been in the finer goods for some years, has it not?—A. Under the free-wool tariff, or during the period of free wool, we were in competition with most of the grades in foreign goods, perhaps more severely on the finer goods, but I think we met about everything that could be made abroad, unless perhaps in overcoatings and fabrics of that description, where I do not think they offered us as severe competition.

Q. How do wages paid to your labor compare with wages paid to the labor in England producing similar or competing goods?—A. Without refreshing my memory, I think our wages average 100 per cent higher than in England.

Q. Is the product per man and per machine greater in this country than it is there?—A. In a general way, yes; and I feel pretty certain that if conditions were the same we could export our woollen goods; something we can not do to-day.

Q. Why can not you do it—what condition is in the way?—A. Our tariff on raw materials and the wages of labor. I think wool is the only product in this country that can not be exported manufactured.

Q. You remarked that when you had free wool you had greater competition from foreign-made goods than now?—A. Yes.

Q. Well, then, have you not gained as much by dispensing with that competition as you think you lose by not having an opportunity to export?—A. We certainly have, because under the then existing conditions of insufficient protection on goods, we didn't get the full benefit hoped for by free wool. With free wool and adequate protection on manufactured goods, I believe we could keep our mills much better engaged and give employees more steady work, and by this be able to produce a greater volume at a cheaper cost and thereby create conditions admitting of the exporting of goods. As matters are now, in my opinion we are paving the way for severer home competition by not being able to export. It seems to me there should be some way for exporting our goods by way of a rebate to the manufacturers on the manufactured goods exported equivalent to the duty on the raw materials.

Q. That is provided for by law now, is it not?—A. Yes, so far as the duty on foreign wool is concerned; but it is a very complicated calculation, where foreign and domestic wools are both used in goods—so complicated that it is not practicable to take advantage of it.

Q. (By Mr. CLARKE.) If it is practicable to foreign wool, why can not you produce from foreign wool successfully for the export trade and get a rebate?—A. That would involve manufacturing cloth wholly from foreign wools for foreign markets exclusively, involving special patterns and styles, apart from the general production of the mills, and would not pay. There can be no export of woollens successfully built up until the Government can give us our raw materials as cheaply as foreign manufacturers get them, either by giving us free wool or a rebate equal to the duty on all the wool we use; in addition the protection on the goods necessary to equalize the difference in wages and interest.

Q. Have the tentative efforts to export woollen goods been failures as a general thing?—A. I never knew it to be successfully done. I have heard a few instances, but they were experimental.

Q. Has the home market for woollen goods improved very much within the last 3 or 4 years?—A. Oh, yes, indeed; by shutting our foreign goods this market has improved.

Q. Has the quality of goods been improved during the same time?—A. I don't think the quality has deteriorated. A greater volume and variety of goods are now being made, and there are more substitutes used than ever before on account of this increased volume and variety.

Q. When did this use of substitutes begin?—A. It has been particularly noticeable during the last year—I suppose after the adoption of the Dingley bill, but more particularly in volume this last year, say since the great rise in wool. I do not think it was due to the Dingley law as much as to the speculation abroad in wool. I think this speculation in wool forced manufacturers into substitutes. It is due also to the popular demand for cheap goods.

Q. Are they of domestic or foreign preparation?—A. Cotton is used more than ever before, and domestic wool waste and shoddies.

Q. Are the waste and shoddy mills and mills which make wool extracts as well employed now as they were in 1895, 1896, and 1897?—A. You refer to the period under Mr. Cleveland?

Q. Yes.—A. I think they have been pretty well engaged. I think they are being pretty well employed now.

Q. Do they run nights now?—A. No; I do not think they do.

Q. Do you know whether or not substitutes are imported to-day to any such extent as they were formerly?—A. Imported shoddies?

Q. Yes.—A. Excluded, I think, absolutely.

Q. If protection were taken from wool, what do you think would be the effect on the domestic production of wool?—A. In some of the Territories and States the clip of wool actually increased during the free-wool period. In the Eastern or farming States it decreased, but it had been continuously decreasing for many years. The American farmers do not seem to care to raise wool, but I believe it can be raised in the ranch States as cheaply and advantageously as in Australia.

Q. Did not the flocks decline rapidly under the Wilson law?—A. In some localities, perhaps; but wool being a by-product of the farm, I think the Eastern wool grower would raise about as much as now.

Q. Is it desirable to the woolen manufacturer to have a large domestic production of wool?—A. Yes. I can see no objection to a large clip. It would insure honest goods.

Q. The wools of this country are of strong fiber and good wearing qualities?—A. Very superior wool; superior to the foreign wools in some respects. But for some purposes the foreign wool is superior, depending on the fabric that is to be made.

Q. Do you use some foreign wools now?—A. Yes, indeed.

Q. Notwithstanding you have to pay the duty on those wools?—A. We are obliged to use the wools in blending for fabrics for which there is a demand.

Q. You are able to sell the goods at prices which the people pay and can afford to pay apparently. Have you increased prices since the formation of the American Woolen Company?—A. Only as the raw material bore upon it. But on the whole we have reduced prices. Cloth has never been so cheap as now under protected wool. I do not think we have ever made cloth so cheaply for the consumer under protected wool as we are doing to-day.

Q. The fact that you have to pay a higher price for wool than it commanded under the free wool régime has not prevented you from doing business, nor prevented the people from getting their goods at a lower price?—A. Well, I would not put it in that way. I think they are paying more for the same goods now than they did under free wool. We are, of course, paying more for wool now than we did during that period.

Q. They are buying more goods now, are they not?—A. The mills are busier now than they were during the free-wool period. We did not, however, have sufficient time to try the free-wool experiment satisfactorily; it was hardly inaugurated before it was off.

Q. Is it very important for the woolen manufacturer to have stable conditions, as far as the tariff is concerned?—A. Very important.

Q. When you got conformed to a system it is very damaging to have it changed?—A. Yes.

Q. Even though you desire free wool for some purposes, and especially for the export trade, is that object sufficiently important to lead you to desire radical tariff legislation?—A. We should deplore anything of that kind just at this time. We think that the woolen manufacturer should be allowed a little period to get adjusted to existing conditions before being hurled into another change; we hardly get established before we are again disturbed, and this is expensive. I should say we would rather go along just as we are for awhile, at least for a few years, to enable us to recover from the last expensive experiment. We ought to be allowed to get into shape to meet a changed condition, if one is coming.

Q. You spoke about a change of selling arrangements. Have you dispensed with commission houses entirely, and do you sell directly to the retailers?—A. Not to the retailers; we sell to the jobbers and manufacturing clothiers.

Q. You do not, then, maintain branch houses in different cities, but send the goods directly from your mills to the people who order them?—A. Directly to the buyers.

Q. Do you employ traveling salesmen?—A. We do.

Q. More than were employed by the several mills in your combination under the old régime?—A. I can not answer that question. I know we have a very large selling force.

Q. (By Mr. A. L. HARRIS.) When the American Woolen Company was organized, how did you reach the valuation of the different corporations that came into the new corporation?—A. The largest manufacturers came together and very easily arrived at a conclusion.

Q. That was upon a fair valuation of the plants taken in?—A. Yes; plants which are the buildings and machinery.

Q. You spoke of one that was dismantled. Was that a separate company? Did that belong to a separate company?—A. Yes; it was too small to mention.

Q. What object had you in taking that company in?—A. The price, and because we could utilize the machinery in our other plants.

Q. What per cent of the woolen industry in this country do you control?—A. There are no figures extant that would answer that question.

Q. Have you any active competition?—A. Any active competition!

Q. Yes.—A. The liveliest kind.

Q. You are not able to limit the production or fix the price, then?—A. I think we are potent in the woolen business, but we are not a monopoly.

Q. You have a fair per cent of profit as your business is now run?—A. Owing to the large volume of business we get a fair but not excessive return.

Q. You spoke a moment ago about your goods being superior to the former production—that is, of former years. Does that also apply to the coloring of your goods?—A. The dyes or dyeing?

Q. The dyeing; yes.—A. In dyeing we have never reached a higher state of perfection than now.

Q. Was that in former years an objection to American made goods?—A. Possibly. I have been told so.

Q. You have substantially the same formula now that is used abroad for dyeing?—A. Yes; practically so. Each dyer, of course, has his own methods. Germany has brought the manufacture of dyestuffs to the highest perfection, but we avail ourselves of the most desirable dyestuffs whether manufactured here or abroad.

Q. You spoke a moment ago about other foreign substances being used. In what way is that used? Is it in making a particular kind of goods that is sold now?—A. I think perhaps the very existence of substitutes has led to the invention of fabrics that are called for now.

Q. Are those goods put upon the market as all wool?—A. No; they are sold for what they are.

Q. Is that substitute mixed with the wool in spinning or carding?—A. Yes; in some instances before carding.

Q. Is there any instance in which it forms the interior part of the thread?—A. No; not precisely. Very often in an overcoating we use a cotton warp, and then we have cotton-mixed cassimeres where the cotton is mixed in so that you can hardly discover it with the naked eye. It might be discovered by chemical analysis.

Q. You were speaking a moment ago about the tariff on wool being one obstacle to the export of your product. If you had free wool, would you be able to find a foreign market?—A. I think eventually we could, if we had adequate protection on goods in order to maintain our labor schedule, together with free wool, and relying on American energy and increased production to lower the cost.

Q. Supposing the tariff should be taken off the manufactured product, what then?—A. We should be inundated with foreign goods, our mills would be obliged to stop, and we could only resume by adjusting our labor costs to European conditions. Labor and interest would be the only items left for consideration.

Q. Do I understand if you had free wool you would be willing to take the tariff off cloth?—A. No, sir; emphatically no, unless you are willing to reduce American wages to the basis of foreign wages.

Q. I understood you to say that nothing but the labor and interest items would be left. Perhaps I was led into an error there. That was the reason I asked that question. Now, let me go a little further. Suppose the tariff is taken off from wool, what effect will that have on the supply?—A. I think we will get all the wool we want. I do not understand that wool now is such an important branch of husbandry in this country. It is chiefly in the hands of a few growers west of the Mississippi. More than one-half our clip is raised on ranches, and, I understand, largely on free Government lands.

Q. Where would you look for your raw material if the industry was injured in this country and lessened?—A. I do not think the industry will be injured in this country. The business of raising wool in the far Western States, where land is free, is too profitable to be abandoned, and I believe it would continue to increase under free wool, even though it should decline in the East. I do not think there is wool enough raised in the world to supply the human family, and we have to resort to substitutes in addition. Wool will be wanted and the demand will bring the production and encourage the raising of wool.

Q. If the tariff, though, is taken from wool and reduces the price, that necessarily will increase the demand, will it not, for wool?—A. I think not necessarily, though the demand would be likely to be affected by the price. Supply and demand would regulate the price.

Q. In the end would it have any tendency to bring up the price?—A. That would be the natural expectation. Still it seems to me it depends upon the demand for wool.

Q. Would it bring up the price so that the American woolgrower could afford to raise it?—A. I believe wool would be as successfully raised as now, and perhaps more to the advantage of the grower. The question is whether the millions of people of this country are to be taxed for the questionable benefit of a few woolgrowers.

Q. Suppose we put it the other way—that we want to tax the population of the country for the wool manufacturers, then what?—A. I do not think the woolen manufacturers look upon the tariff on wools as a tax on the consumers. It certainly isn't so to-day. The manufacturers never have as a body objected to the

woolgrower receiving a protection under the tariff, but in my opinion he is better off under free wool.

Q. My last question suggests one of the elements that is entering into the prosperity of the country at the present time, does it not?—A. The duty on wool?

Q. The duty on wool along with other duties.—A. I think the tariff on woolen goods is the gist of the situation, so far as it applies to this industry. I think the duty on wool is handicapping the industry.

Q. It may be for export, but is it for domestic sales?—A. I think you will agree it is handicapping the manufacturing of goods. If we were in position to export goods, we could keep our machinery employed at times when now it becomes necessary to shut down and throw our employees out of work. Awaiting the last national election and incidental thereto, one-third of our machinery was idle for months and our employees lost a million dollars in wages. If we could have exported our goods, we might have prevented this idleness and our help would have been a million dollars better off in wages.

Q. But with free wool the farmer would have lost a million, would he not?—A. I do not think so. The people of the country would have received great benefit in cheaper goods. I was not prepared for this line of argument concerning these economic questions. I rather thought you were going to confine me to manufacturing and to my business. I am not a philosopher, you know, and I am not a political economist.

Q. (By Mr. CLARKE.) Is the subject of tariffs a matter of consideration in your company at the present time in any way?—A. Not now. We are trying to adjust ourselves to the condition of things.

Q. And you would like to have this adjustment remain?—A. We should prefer it would not be disturbed.

Q. (By Mr. LITCHMAN.) You spoke of the moving of machinery from one mill and transferring machinery around. What became of the workmen that were employed in that mill when this machinery was removed?—A. Probably followed the machinery wherever it went. It would command employment there.

Q. Not necessarily the labor that was employed?—A. They had disappeared; the mill was idle.

Q. How far has the economy of methods by your organization eliminated competition?—A. It is a question I can't possibly answer; but the organization did eliminate the competition between the mills comprising it.

Q. They were formerly competing companies?—A. Yes.

Q. By joining them together you have assigned to each company that kind of goods, which, preferably, it could make?—A. Yes, to advantage. That is the policy that we are trying to do business on.

Q. Is America the only country using substitutes for wool?—A. Oh, no, indeed. I fancy they use them to greater perfection abroad than we do.

Q. (By Mr. CLARKE.) Greater?—A. Greater perfection abroad than we do.

Q. (By Mr. LITCHMAN.) Is the use of cotton a new process?—A. No; not by any means. I think, however, it is being used more than ever before.

Q. Is there not an invention whereby the wool can be wound around a cotton core, so to speak, and make a yarn that is hardly discernible from the real wool yarn?—A. Yes; there is such a method employed, though we do not make use of it. I believe it is used in a small way by knitters.

Q. Are not there some grades of goods where the use of cotton is preferable to the use of pure wool?—A. Yes.

Q. Make a better wearing fabric?—A. Better cloth.

Q. Better finished cloth?—A. Yes.

Q. Does not the use of wool that has already been used give a finer gloss and finish sometimes to fabrics?—A. I see no reason why wool once used should be superior to fresh pure wool, although noils properly selected give results not otherwise obtained.

Q. In some respects is the use of these substitutes an improvement in the appearance and wear of these finished products within reasonable bounds?—A. Within reasonable bounds, considering the money invested, I would think so. There is, however, nothing like fresh wool in manufacturing. You can't beat that.

Q. No; I understand. In many instances, however, the use of shoddy is for the purpose of cheapening product?—A. Yes.

Q. During the time when there was free wool in this country, say from 1894 to 1897, you suffered materially from the competition of foreign-made goods, did you not?—A. Yes.

Q. If the tariff was taken off wool and off the manufactured goods, would you not suffer from that same competition?—A. Yes; decidedly.

Q. Supposing you restored the conditions of 1894 to 1897, would you not have the same competition you had then?—A. Yes.

Q. Well, do you think you would have much time then to get the foreign market when you had to fight for your own?—A. I think with proper labor protection we could have more than held our own if we had been allowed time.

Q. That is, you mean if you could have had protection on the manufactured goods and free wool?—A. Yes; but of course that left the woolgrower without protection.

Q. Now, along that same line, can you buy wool in the markets of the world any cheaper than the foreign manufacturer?—A. We could buy just as cheap, but if we purchase abroad and pay import duties, our wools cost more.

Q. Then does it not actually come down to a competition in the price paid for labor?—A. That is what I suggested a while ago. After the raw materials come in free, it would remain a matter of wages and amount invested in plants constructed under high labor—briefly, interest.

Q. Now, then, would it be a benefit to the general industries of this country to reduce labor 50 per cent?—A. No; it would be a great mistake.

Q. Then we had better not chase the ignis fatuus of the foreign market at the sacrifice of our own labor, had we?—A. No; that was the point I was making.

Q. Do you control any patents or processes which give your association any advantages in manufacturing?—A. No.

Q. It is not like the production of some manufactured goods where there are patents owned and controlled?—A. We have nothing of that kind.

Q. Now, was there not an excessive importation of wool just previous to the enactment of the Dingley bill?—A. Yes.

Q. Have you any means of knowing how much of that wool remains in the country at the present time unused?—A. I should think it was about absorbed.

Q. You think it is absorbed?—A. I doubt if there is any; or, if so, there is very little here.

Q. A manufacturer in Philadelphia, or at least an expert, testified that a very appreciable quantity of that wool was still in the market. You would not agree with him, then?—A. I should not, at all. That is a matter of comparison, for we buy millions of pounds a year, and he may be buying hundreds of thousands. But from my point of view I should say there was very little, if any, in the country—not appreciable.

Q. Do you think that that excess was all used up last year—a year ago, say?—A. I think it was used very generally after the importation, and has gradually disappeared, but I might add that this delayed the consumption of domestic wool that may still be extant. There is a certain amount of wool here that probably wouldn't have been but for this very foreign wool.

Q. (By Mr. A. L. HARRIS.) What is the wearing quality of the cloth in which you use the substitutes?—A. That depends upon the substitute. Of course, there is nothing like straight wool. The cloth made of shoddy would not have the durability.

Q. Supposing that it was cotton?—A. If it had cotton in it, it would be stronger than all shoddy.

Q. Is the coloring in goods made of wool substitutes equal to that in goods made of pure wool?—A. Not in general so satisfactory.

Q. You sell it cheaper?—A. Yes.

Q. But it is worn by persons who are not able to buy the pure wool?—A. No; everybody wears it. I have got a suit on this minute made of shoddy, all shoddy, not a bit of pure wool in it.

Q. (By Mr. LITCHMAN.) The suit you have on now?—A. Yes; made from floor sweepings and wastes and noils.

Q. That suit you have on?—A. Yes; waste from the mill, scoured and cleaned.

Q. You can not complain of the looks of it.—A. No; I think it very presentable.

Q. (By Mr. A. L. HARRIS.) Do you make the finer cloths, such as doeskin and broadcloth?—A. Doeskin is out of date now, practically speaking; but we make the finest cloth that is made in this country—no better made.

Q. There is no necessity for one to import cloth, then, merely because he wants a fine suit?—A. I do not see any reason for importing foreign goods; I think we can supply whatever is wanted. There are people given to foreign tastes, and they have to be satisfied.

Q. Frequently when you go into a clothing store the salesman will tell you that this is imported goods?—A. Well, some of our mill goods have passed for foreign goods; it is humiliating, but we have known of that sort of thing being done.

Q. The quality is as good as the foreign goods?—A. We think so, although there are some very high-cost foreign goods, where they put in more labor than we do, that are superior to ours, but they are exceptional goods.

Q. They are very fine cloths?—A. Yes; I think so. I will claim that the kerseys in this country are superior to the foreign; the clay diagonals made in this country are more honest than the foreign goods. I think there are no clay diagonals made anywhere superior to those made in the Washington Mills in Massachusetts or the Wanskuck Mills, at Providence, R. I.

Q. You think the public are beginning to appreciate quality?—A. I think so. Our goods are selling on their merits, and we have nothing to complain of in that respect.

Q. (By Mr. LITCHMAN.) Have you special trade-marks?—A. No; only the names of our mills.

Q. It takes years to get a reputation?—A. Yes; it is a matter of time.

Q. And you would not dare to sacrifice a reputation once attained by putting in shoddy goods?—A. We would not misrepresent our goods. We only make substitutes and shoddy fabrics when called for.

Q. Does the trade respond by proper patronage after the quality of the goods has been established by a trade reputation?—A. They recognize that, we think, season after season. Particular mills enjoy a special reputation. We are very fortunate in our company in that respect; we have mills of the finest reputation in the country.

Q. Does not your combination of the mills assist you in maintaining a reputation of that kind and in maintaining the quality of the goods?—A. I think our reputation calls for a very fine quality of goods, and we naturally live up to it.

Q. That is not my question. Your mills being combined, as you say, in one organization, does it not enable you to more easily maintain this quality?—A. Possibly; but I don't see specially why.

Q. Only because you would use the production of those mills in the things they were especially adapted for.—A. The economy that we make enables us to give a better fabric for the money, and the consumer will gain the benefit of it.

Q. (By Mr. CLARK.) Is the use of wool extracts, shoddy, etc., a public evil or a public benefit?—A. I should think it was a public benefit. You can get a very satisfactory piece of cloth for very much less money.

Q. It enables a larger number of people to wear woolen who would not otherwise be able to wear it?—A. Well, I do not think there is wool enough raised, as I said awhile ago, to supply everybody with all-wool goods, and we are obliged to resort to substitutes.

Q. Has there been a very great improvement in the processes of utilizing the waste products?—A. Yes, indeed.

Q. Especially shoddy?—A. Undoubtedly.

Q. The shoddy of to-day is a very much superior article to the shoddy of 25 years ago?—A. I do not know that the shoddy itself is any different or any better; I think it is manufactured better.

Q. Is there a very large proportion of good new wool in all the higher grades of cloth into which a little shoddy enters?—A. I think the higher grades of cloth are all pure wool.

Q. All pure wool?—A. Yes; there would be no desire to introduce shoddy into very fine goods, unless perhaps for backing purposes.

Q. How about medium goods?—A. Possibly in the medium goods shoddy could be used. There is no doubt that to meet public demand for cheapness fabrics are cheapened in every way possible.

Q. Is there some good new wool in medium goods?—A. Oh, yes indeed; a very small percentage of shoddy enters into them. Of course, the manufacturer is driven by competition to produce the best article for the least money.

Q. Shoddy is all wool, is it not?—A. Yes.

Q. But wool that has been worn?—A. That has been worked once before—several times, perhaps.

Q. Are wool extracts used largely—they are not classed as shoddy, I suppose, in the trade—are they largely used?—A. We speak of them as shoddy.

Q. You do?—A. Yes.

Q. Please, for the record, describe the difference between shoddy proper and wool extracts.—A. Commercially there is no difference, although there is a difference in preparing the stock.

Q. (By Mr. LITCHMAN.) You have stated, if I understood correctly, that since the consolidation in your association you have an increase both in the number of people employed and in the amount of wages paid. Am I right in that?—A. Yes. When the company was inaugurated we were paying out in wages at the rate of \$109,696.18 per week, and we are now paying \$141,982.86 per week. During that period the average rate of wages was increased 10 per cent. The average number of operatives employed was 15,300, and we now employ 17,108.

Q. Was this increase due to any superior methods on the part of your combination or due to the natural demand by reason of better times generally throughout the country?—A. I think it is the result of the combination being able to command business through reduced cost of manufacture.

Q. Has the association under the combination been generally satisfactory thus far?—A. Yes; surprisingly so, we think.

Q. Has the return on the capital been satisfactory?—A. I think, considering the times, that returns are fairly satisfactory.

(Testimony closed.)

BOSTON, MASS., February 20, 1901.

TESTIMONY OF MR. JOHN HOPEWELL,

Manufacturer, plushes.

The subcommission met in the rooms of the Home Market Club at 2.08 p. m., Mr. Clarke presiding; at which time Mr. John Hopewell was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and address.—A. John Hopewell; No. 129 Washington street, Boston, Mass.

Q. Are you treasurer of the Sanford Mills?—A. Not at present. I turned that office over to my brother two years ago on account of poor health.

Q. You are a member of the firm of L. C. Chase & Co.?—A. I am.

Q. Which sells the goods produced by the Sanford Mills, and also some others?—A. Quite a number of others.

Q. We have asked you to come before us chiefly to tell us about the development of the plush industry.—A. I did not know, of course, the line of investigation you are pursuing or what you desired to know. I shall be very glad to tell anything that I can that will be of interest to you and that will not be of detriment to the corporation I represent. I was for years treasurer of the Sanford Mills, but owing to poor health and desiring to be relieved of my many duties, I turned over the duties of treasurer to my brother; but of course have continued my connection as senior partner in the firm of L. C. Chase & Co., with which house I have been connected for 33 years. I got some data together last week, and this morning after my return from the mills I dictated to our stenographer a general outline of the establishing of this industry in mohair plush in America, which I shall be very glad to read to you, and if there is any other information you desire which I can give that does not expose any secrets, I shall be very glad to give that too.

Q. All right; you will please proceed in your own way.—A. This, of course, you understand, is necessarily incomplete, as it was hastily taken from data and put together, and I have had a chance to read it over but once since my dictation this morning. The witness read as follows:

Previous to 1883 all mohair car and furniture plushes were imported from Germany and France, made on hand looms from mohair spun in Bradford, England. In December, 1881, the Goodall Brothers, Louis B. and George B., of Sanford, Me., commenced experimenting, with a view to manufacturing mohair plushes on a power loom, something which had never been accomplished up to that time. To the best of our knowledge two previous attempts had been made in this line in America, both of which had proved utter failures, and we are told two small fortunes were lost in an endeavor to establish the industry here.

The first loom was a failure, and the second loom was nearly as bad; at the end of the year 1882 they had made a loom which was much nearer perfect, and at that time the firm of L. C. Chase & Co. joined forces with them and took the sale of the goods.

In the spring of 1883 we placed on the market what was known as crushed furniture plush, but the face of this plush was not sufficiently good to answer for what is known as high pile and low pile car or plain plush.

I believe we were the first ones in America to place these goods on the market. If you are familiar with it, you know that in the years which I mention there was a large quantity of this mohair plush used, but I may say here that from 1887 up to 1892 there was an enormous amount of this mohair plush made by such houses as ours, the Sanford Mills, and Dobson of Philadelphia and Tingle of Connecticut, and other small concerns in Philadelphia. But about 1892 the sale of that fabric went out of date for furniture, and Dobson and Tingle gave up entirely, and all the little fellows in Philadelphia in 1892 or 1893 ceased to make it. Virtually the product went out of use.

In the last 2 or 3 years there has been a small revival of it, but not to any great extent. The plushes we make now are all car plushes, jacquard pattern, high pile and low pile, except a limited amount of crushed plush.

There was on the market at that time an embossed plush; all sorts of designs and figures embossed in the plush through hot embossing machines, and it made beautiful patterns. When well done, the figures remained for a long time, but when imperfectly done, the air and atmosphere would affect it so it would come out, and the figures would disappear in use. That has not been used for 10 years at least; none of that goods has been on the market.

The imperfections were so great that the plush had to be crushed or embossed in order to make it marketable, and it was not until the summer of 1884 that we were able to place upon the market mohair plush satisfactory to the demands of the American consumer.

After the consolidation of the Goodall Brothers with the Sanford Mills, they started with 25 looms. The strongest incentive for the Goodall Brothers entering the market with mohair plush was the fact that from the best figures they could compile as to estimate of cost of manufacture, there was at least a dollar a yard profit to the American manufacturer who could successfully make plush in competition with foreign manufacturers.

As soon as Sanford Mills, through their representatives L. C. Chase & Co., entered the market in competition with the German and French manufacturers, quotations from these foreign makers commenced to decline, and while there was little or no change in the cost of mohair for the next four years, the reduction in price to the American jobber was very great, averaging from 10 to 20 cents per yard, or from 10 to 25 per cent each year. During these years 1885, 1886, and 1887 the cost of mohair was 48, 46, and 45 cents, respectively, so that the reduction in price by the foreign manufacturers was caused purely and simply by competition felt from the American manufacturers. They even made the claim that they would drive us out of the business, as had been done before, and at the end of the three years we seriously felt that they might make good their promise. But in the following spring of 1887, if we remember correctly, when we went to New York to quote prices on these goods, we learned our competitors were there, but had declined to reduce their prices any further. I immediately telegraphed my partners that if there was any profit left we could hope to hold the field.

I will say this was a very severe struggle for the three years. The year previous to this, or about that time, D. Goff & Sons, of Pawtucket, R. I., had also adopted power looms, and they came into the market. So we had not only the competition of the German and French, but severe competition of our own. So that the whole tendency with the limited consumption was to a survival of the fittest or who could retain the market.

Of course during these three years from 1884 to 1887 we had constantly experimented, improving our looms, and reducing the cost of manufacture, and we found a little margin left after the lowest prices our competitors had made.

At that time there was quite a high tariff on the goods, which should have been enough to protect us against foreign competition, but one of the disadvantages in establishing a new industry of this kind is that the best experts can not tell within 10 to 15 per cent of the value of plush, and the custom-house appraisers will acknowledge their inability to come closer than that. I have in my overcoat some statements from 6 or 8 importers as to how closely they could tell the value of plush. While 1 or 2 said within 5 to 7 per cent, most of them said from 10 to 15 per cent, and the appraisers say from 10 to 15 per cent is as close as they can estimate it. I know from long experience that from 15 to 20 per cent would be nearer. When a man attempts to tell you the value of plush by putting it behind his back and feeling of it, as they attempt to do, it is evident it is a poor and weak way to tell the value of the goods. The softness and texture is an indication, but the number of picks and height of the pile and many other things that enter into the composition do not appear from feeling. I could tell you a lot of very interesting things on that line that we have to contend with.

In addition to this the German and French manufacturers were disposed to make America their dumping ground for the surplus product which they were accumulating after losing the American market. And that was a very hard thing to fight against. Of course, naturally we had to see what was in the market and contend with it. We brought evidence to the attention of the custom-house officials that the undervaluation was going on in New York. It started in Philadelphia. Then we imported it at Boston, and finally imported it into Portland, and we proved to the officers that the material had been grossly undervalued; and all those things were hard to compete with in the first years of our manufacture of these goods. I say here:

(Reading.) In addition to what the Sanford mills had done, D. Goff & Sons, of Pawtucket, had been experimenting on power looms for manufacturing mohair plushes, and they came into the market, if we remember correctly, with a line of plushes in 1884, so that between foreign competition and American competition the handsome profits and great rewards anticipated, when we started into this business, soon vanished, and we were forced into close competition.

The price to the American consumer declined nearly, if not quite, \$1 a yard, while the cost of the raw material remained the same, and although foreign plushes have not been imported into this country to any extent for 8 or 10 years, the price to the American consumer has not advanced except in one case, in sympathy with an excessive advance in mohair for 1 or 2 years, but has generally tended toward a reduction, until we think it safe to say that the American consumer is purchasing plush to-day 33½ per cent lower than he could have purchased the same plush had it not been for the introduction of the manufacture of these goods in America.

And I might say here that after the McKinley bill passed, the Massachusetts Mohair Plush Company of Lowell was established, and it became another strong competitor, so that we have had strong competitors on this line of mohair plushes since the McKinley bill became a law.

We are informed that within the last 3 years the larger German manufacturers have been using power looms similar to ours, but the wages paid there are very much lower. The last information we had in relation to this was that weavers were making from \$5 to \$7 per week, while our weavers make from \$9 to \$10 per week, averaging at least \$9.50 per week. When I was in Germany, 6 years ago, hand weavers of mohair plush were then making 50 cents a day, against \$1.50 per day earned by our power-loom weavers. We now employ in our plush industry 400 hands.

The manufacture of mohair plushes in America has not only been a great advantage to American consumers in the decreased cost of the goods, but has also established a new industry here—that of breeding and raising Angora goats, for the fleece of which the American farmers obtain from 20 to 25 cents per pound, varying in grade and quality; and the raising of these goats has increased very fast in the last few years in California, Oregon, and some of the Territories, and has lately spread into Texas. Within two years there has been a flock of 500 of these goats brought to Framingham in this State. They seem to be doing well, the breeder claiming that in a few years the Vermont and New Hampshire farmers can add a very handsome income to their farms by breeding and raising Angora goats, whose fleece is profitable, and whose meat is—especially in the kid—quite as desirable as lamb.

After the enactment of the McKinley bill the Massachusetts Mohair Plush Company was established, making three manufacturers of plain car or furniture plush. During the years from 1887 to 1892 there were a great many small and several very large manufacturers of embossed and crushed plushes, all of which has now gone out of use.

The Goodall Brothers formed a copartnership on October 1, 1881. We had experimented quite a long time before this and felt sure of our ground before forming this copartnership, but after getting the first loom built we found it was not a success; neither was the second, but the third was such a great improvement over the others we ordered 25 of them. On July 28, 1883, we sold our first piece of regular or perfect mohair plush.

From that time on we kept improving the looms and the plush, up to August 11, 1884, when we decided to enlarge our plant, and at that time formed a corporation under the name of the Goodall Manufacturing Company, which was afterwards consolidated with the Sanford Mills Corporation on April 6, 1885.

At present our weavers average \$9 to \$10 a week, and the spinners (girls) from \$5 to \$6 weekly, according to the number of spindles they tend.

Q. (By Mr. CLARKE.) About how many Angora goats are there in the country now; do you know?—A. I do not know; they have increased very fast the last five years.

Q. Do you manufacture carriage robes from mohair?—A. Very few; mostly from wool and cattle hair. There is some mohair used in the fine lines. I would say we do manufacture high-priced goods, from \$5 to \$15, but there is not much demand for those. The carriage-robe industry was established here by Mr. Thomas Nelson and Goodall Brothers.

Q. Are anything but plushes and carriage robes manufactured at the Sanford Mills?—A. Yes; we make horse blankets of all kinds and some army blankets.

Q. Do you also have other mills?—A. We have mills in Troy, N. H., for manufacturing cheap horse blankets and linings for cheap coats. We manufacture now cheap coats, shoddy linings; we also manufacture ducks and drills at Reading, Mass.

Q. What is the material that enters into those articles?—A. Cotton and rubber, and into every kindred manufacture.

Q. What use is made of that?—A. That is used for aprons for carriages and for covering the tops of cheap buggies and for the curtains on the sides.

Q. The rubber is put on as a coating?—A. Put on as a coating.

Q. Is the business of these several lines of manufacture profitable now?—A. It has been for the last 3 years.

Q. Had it been depressed before?—A. Very much. Under the so-called Wilson-Gorman bill our business ran down from about \$2,000,000 to about \$1,150,000.

Q. Was that because the duties were inadequate on the foreign goods which competed directly with yours, or was it because of the general depression of the market?—A. More largely on account of the general depression of the market, although it was true that at that time there was an importation of foreign robes and quite a little importation of plushes for one or two years. That interfered quite a little on the plushes for a year or two; not so seriously on the robes.

Q. Is the tariff satisfactory to your industry now?—A. Quite.

Q. Has there been any advance in prices on account of the advance in duties?—A. On the contrary, there has been a decrease in prices on account of the competition.

The McKinley bill stimulated production. There are more looms in the country making mohair plush to-day than can be run and the product of which can be sold.

Q. It simply makes the difference that the manufacture is carried on in this country instead of abroad?—A. Yes.

Q. Which would you rather have, domestic or foreign competition?—A. It is pretty hard in either case, but I think I would rather have domestic.

Q. Why?—A. The principal reason is that we are on an even keel here, and the expenses of manufacturing are substantially the same with American competition. On the other side they have very much cheaper labor. And the question of undervaluation has been a very serious question with us; also the question of their selling their goods. As a rule, they get very good prices for their products abroad, but for their surplus they use America as a dumping ground, regardless of cost, which is a practice we can not successfully compete with. For instance, if a mill had a large product and it could sell three-quarters of it at a profit, or two-thirds of it even at a fair profit, and keep running, and then should sell a third at cost or a trifle less, it would make good money, whereas if the owners ran their mill at half or two-thirds they could not make it.

Q. Do you export any goods?—A. Very few. We exported some horse blankets this past year for the Transvaal war, simply because the English Government had to have them at a certain time and they could not possibly get them elsewhere. We made them on that ground. We have furnished a car constructed for the Mikado of Japan with our plushes. That is about the extent of our exportation.

Q. You have had experience with several revisions of the tariff laws of the country?—A. Yes.

Q. What is your conclusion from your experience as to the effect that a general revision has upon the industries of the country?—A. Oh, it has a terrific effect. The very idea of suggesting a change of the tariff is something that frightens anybody, because it is the unknown that frightens most. That very matter was brought up last night by Mr. Arnold and Mr. Sanford—the fear that something would take place. The consequence is always discounted in advance. So far as our industry goes it would be a very serious matter, and it often is serious because it is the unknown that you have most to fear.

Q. Do you know of any glaring defects in the existing tariff, or any great economic changes by way of machinery, or the consolidation of companies, or anything of that sort which would lead you to conclude that the tariff ought to be revised now?—A. No; I have not any knowledge of that kind. I have about all I can do to attend to my own business and keep that on a paying basis, without going into the economic questions of others.

Q. Is it your experience that even when duties are satisfactory in one industry, if they become for any reason grossly inadequate or unequal in some other industry the effect of that is more or less diffused, so that other industries suffer from it?—A. Oh, that is the natural consequence everywhere. For instance, when the steel business is good, and all hands are employed, general business is good and everyone participates in it. But if there is a failure of crops or of the iron business, or if any of those large industries become crippled, depression gets in the air and everybody anticipates something bad is going to happen. The result is a terribly demoralizing effect on business. So far as the duty goes I do not think it cuts as much ice, in the slang phrase. We are anticipating it. For instance, I had occasion to compile some figures recently for the Massachusetts State authorities, and I was simply surprised at the enormous amount of exports, and among other things I found that in 1891 or 1892 we exported \$400,000 worth of boots and shoes, notwithstanding the duty was put, I think, in the McKinley bill on hides, and it was done justly, because they had been free for a great many years. In 1899 or 1900 we had exported \$4,000,000 worth of boots and shoes. This showed that the duty on leather was not very crippling, or that at least it had not made it impossible to export boots and shoes.

Q. Do you consider that the duties now on anything with which you are familiar stand in the way of getting export trade?—A. No; I do not; that is to say, not equitable duties. The vast improvements that have taken place and are constantly taking place in machinery in this country and the increased productiveness of the American operators under the favorable conditions in which they live have a great deal to do, in my opinion, with making it possible for us to export goods. For instance, to give you an illustration: Once when I was in Crefeldt, Germany—not the last time, but once when I was looking into the vast industries there and the wages paid—with the assistance of our consul I visited some of the houses. I would say in connection with this that there is one thing that enters more largely, perhaps more than all the others may, into this plush business: The French and German manufacturers had no plants whatever; they bought their yarns in Bradford; they weighed them out to weavers—hand-loom weavers; the weavers carried the yarns home and brought back the plush manufactured from the yarn; they turned those goods over to the dyer and finisher, who brought them back finished; so that the so-called manufacturer or seller of goods had no expense whatever for plants, while we have got hundreds of thousands

of dollars locked up in plants. That was true in many lines of industry at that time—silks and all that sort of thing; it was true then, and it is true to-day to a very large extent.

Q. Is that an economical way of manufacturing?—A. It would not be here; I doubt as to whether it is there.

Q. Is not the factory system as a whole, with the splendid organization that Americans have brought to so high a degree of perfection, better and more productive and really less expensive?—A. As a whole, I think it is. I did not complete my statement, however. One of these places I visited at noon, and the family was taking dinner. This weaver was an expert and was weaving jacquard patterns on silk. His family consisted of the man and his wife and 3 or 4 children, and they had 3 rooms. In the living room the loom was set up, and took at least a third of it. The older girls wound the bobbins, attended the spinning and the bobbins, etc., and I think the mother helped also. Their meal consisted of German brown bread and molasses and water. Now, our operatives would not do much work on brown bread and water for dinner, and I do not think it is the best thing in the world for any workingman to do a day's work on. I remarked to the consul that I thought that was pretty hard fare for dinner. He replied that the German brown bread contained great nutriment. I told him I thought it was exceedingly fortunate for the operatives that it did, as they did not seem to have anything else.

Q. Do you know of any country in the world where the working people are so well paid, so well housed, so well fed, and so well clothed as they are in America?—A. I do not think there is any spot on earth that bears any comparison to this country.

Q. Suppose we were to repeal our protective duties and have only revenue duties; what do you think would be the effect on the wages and living of the working people in this country?—A. In answer to that inquiry I should make this general remark: That as manufacturers—and I have said this before—as manufacturers, if we could have sufficient duties, first, to meet the difference in the plant, the difference in interest, and the difference in wages, and then have free raw material, in time we could adjust ourselves to compete with any nation in the world; but for 4 or 5 years, while we were adjusting ourselves to those conditions, the conditions here would be terrific. The wages would necessarily go down substantially to the wages of our foreign competitors; the consuming capacity of the American people would be cut off very much. In other words, as I have stated a great many times, if we had 20,000,000 wage-earners—I believe that is about where they put the number—and they were earning \$1 a day, their consuming capacity would be \$20,000,000 of manufactured products or the products of farms or whatever else. If those people got \$1.50 a day their consuming capacity would be \$30,000,000 a day. Ninety per cent probably of all the wages paid goes into the consumption and purchase of things. If they got \$2 a day their consuming capacity would be \$40,000,000, which would make every machine in America hum from start to finish; whereas at \$1 a day half the machinery in America would stop. As a manufacturer I do not feel that wages enter into this much. I should rather pay \$2 a day than \$1 for all operatives, providing our competitors paid the same, because the more and the larger the wages of your operatives the larger the consuming capacity of your operatives. They get educated very fast to want more; in fact, they want a little more and a little faster than their wages increase all the time, and the two-dollar man wants a great deal more than the dollar man. I think the two-dollar man wants two dollars and a half's worth, whereas the dollar man wants about one dollar and a quarter's worth. The consuming capacity of the people is a great thing for American manufacturers. One great reason why this country is the best market in the world is that we consume more per man, woman, and child than any other country in the world.

Q. (By Mr. A. L. HARRIS.) Was your company the pioneer in the manufacture of this class of goods?—A. Yes.

Q. What was the price of the line of goods that you are manufacturing at the time you began business?—A. A yard or per piece?

Q. Better put it in a different way. What is the percentage of difference between now and then?—A. I could not give you that information. I should say that the percentage—for qualities, of course—has changed quite a good deal; I should say that the average price of the goods to-day is from 33 $\frac{1}{3}$ to 40 per cent less—more than that—maybe nearly 50 per cent less than it was when we started in 1884. Prices declined outrageously, and then, as soon as they came into competition with us, the large prices we anticipated got away so rapidly we did not quite understand it.

Q. When you began business was there an effort to put down the price?—A. An effort to put down the price?

Q. Did your foreign competitors put down the price on you?—A. They put down the price right at once. The first year after we started they made two reductions, making a total reduction of 20 cents the first year.

Q. Can you state about the amount of capital that is now invested in manufacturing in your class of goods in this country?—A. No; I can not. I can make a guess; I should say there is a million dollars.

Q. Have you any idea how many hands you personally employ?—A. Well, we have from 375 to 400; I should say that the other manufacturers have 300 more. I am not familiar with their business. I could not say.

Q. I understood you to say that the quality of the goods was changing. Is that through style that the quality of the goods changes?—A. Yes; it changes. What we call certain grades are staple—A, B, C, and D. We have not changed those qualities for 5 years. We are making others.

Q. Has this percentage of fall in price affected the quality of the goods?—A. It has. Oh, no; not in certain standards. For instance, we have certain grades which are our standard car plushes and certain grades which are our standard furniture plushes. We make a change in these to those who want a specific thing. But I think the secret of our success is that we have kept our standard grades at one price, and people that compete with us have to beat us. The dealers say, "It is Chase's goods; Chase's are the standard goods;" and, of course, if they compete they have got to beat Chase's.

Q. (By Mr. LITCHMAN.) Your factories are located here in New England?—A. Yes.

Q. And from the figures you have given of the number of help employed I should judge you make 60 per cent of the goods produced in your line?—A. Oh yes, we make more than that proportion; I should say it is 75 per cent. We have made some radical changes in the mills. In fact, in one year or two years one of our competitors went out entirely, the prices were so close, and within a year from the enactment of the McKinley bill one of our competitors quit entirely—did not manufacture for a year.

Q. Is the manufacture of plushes similar to the manufacture of velvet?—A. Very similar; they are woven on wires.

Q. Woven on wire and cut in?—A. Yes.

Q. Have you touched on the question of wages of employees?—A. Yes; we have. They earn from \$8.50 to \$10 a week; I think a fair average would be \$9.50 a week.

Q. How will those wages compare with wages in the same line of work in foreign countries?—A. We got a party to look into that question 2 years ago and report to us just what they were, and paid him for his services, and his report was that power looms were getting from \$5 to \$7 a week in Europe, an average of about \$6 a week against \$9.50 or \$10 here.

Q. As to the productiveness of the two men, are they different?—No; they are about equal; equal to men and women in our own department.

Q. What would be the comparative quantity of production of the 2 workmen?—A. That I have no means of knowing, because I know no more about the speed of the looms than you do. A loom may be speeded at 150 picks or at 90. There are looms in this part of the country speeded at 140 picks.

Q. The claim is made that, by reason of the greater speed of the workmen and the productiveness of labor, the American actually works at a speed greater than the foreign workman?—A. That is not true where machinery is employed. I do think, if you take an American carpenter, and you take a man of that class abroad, the productiveness here is very much more than it is there; but where you take the question of the speeding of the loom and the speeding of the spinning machinery and the speeding of anything of that kind, that is not true, because it is a question of how you speed your machinery; and if they are speeded substantially alike the result must be the same. For instance, we have some new spinning machines that have just been imported from England—the finest thing made in the world; nothing in America so fine—and the productiveness of that loom in England and the productiveness of that loom here would be the same; no question about it.

Q. How many men attend that loom in this country?—A. Only one.

Q. That number could not have been increased in the foreign country?—A. No.

Q. I am asking these questions to meet the suggestion that is always made from those who advocate a reduction of the tariff that after all the American laborer is not paid any better than the foreign laborer when the amount of production is taken into consideration.—A. There is no question that there is in many lines of business a difference in the amount of productiveness between foreign and American labor; but in our line that is not true in anything like the proportion stated, and in machinery I do not believe we have any great advantage; it is simply, as I said before, the speeding of the machine.

Q. Has there been any increase in the wages paid to your employees within the last 3 or 4 years?—A. Oh, yes; we raised our wages last year or the year before 10 or 15 per cent.

Q. Now, on what basis was the raise made?—A. We made a reduction of 5 per cent after the Wilson bill went into effect, and my impression is we put back 10 or 15.

There is no certain class; the wage is raised to a certain class, 10 per cent, and then the others are adjusted according to the ability of the workman.

Q. So that compared with the period from 1894 to 1897 there has been an advance of from 10 to 15 per cent?—A. Quite a little advance, yes.

Q. (By Mr. A. L. HARRIS.) You speak of the labor in which machinery is not used. What class of labor is that mostly?—A. I should say that of carpenters and blacksmiths and all classes of unskilled labor. Carpenters are skilled labor, but I would speak more particularly of labor where it is done by the hands. For instance, as an illustration, we had a store to fix over in London, and we tried an experiment in foreign business that has not been very successful. My son, who is rather an impulsive sort of a chap, had a carpenter to make a change in the store, and he got so disgusted that we could hardly live with him before the change was made. The change that ought to have been made in 3 days, and would have been made here in 3 days, took about 8 or 10 days. The carpenters came in before breakfast and would go out for breakfast; at 10 o'clock they lunched and had their tea; at 12 o'clock they had their dinner; at 3 o'clock another tea, and between the lunches and the dinner, etc., and the loafing around, they did not get in very much work.

Q. Does the foreign labor compete with that class of labor in this country?—A. You mean the imported?

Q. No, that class of labor that goes into homes.—A. No, not at all.

Q. It does not come into competition?—A. Not a particle, not a particle. I think the Germans have made much more rapid advance in textiles and in all kinds of manufacture than in any other foreign country. There are textile schools there, and I visited several of them, which are simply as near perfection as it is possible to be. I think the great weakness in America has been that we have not followed their line of textile schools, and if Germany goes on and advances as fast as it has advanced in the last 10 or 15 years, and England and France do not take after them, they will find that Germany will outrank them both. I think Germany is making more rapid strides to-day than any foreign country.

I think we have waked up in the last five years to the importance of these schools. I think we were very much behind previous to that time. Of course you may educate one man and he may be very good for one thing and useless for another. The trouble has been that in our manufactures we take these men and use them anywhere. Now, the sharp competition is coming on and using these men in special lines. The tendency is in all lines to look for brains. That is the cheapest thing a man can buy, no matter what he pays for it; all are looking for men with brains. The men find what they like best and what they are best adapted to and they become experts in that particular line; and you take one man in that particular factory and he is a whole team.

Q. (By Mr. LITCHMAN.) Have you given any thought to the matter of supplementing common-school education with technical education of that kind?—A. I have. We have a most excellent school of that kind in Cambridge, known as the Manual Training School. The boys come out of that school very proficient. I know one manufacturer who has a standing order with that school to send him all the bright boys they can, and he gets them just as fast as he can and puts them in, and I think that will be done quite generally.

Q. You think the immediate future, then, is going to demand in all lines of mechanics brains and skilled labor?—A. Specialists in their line.

Mr. CLARKE. Do you think of any further statement yourself, Mr. Hopewell?

The WITNESS. No. I would just like to say one thing for publication in relation to the industry I am connected with. Mr. Harris asked me if we were the originators or pioneers in this line. I will say that our house has been the pioneer in every line we have touched but one. Mr. Thomas Goodall came over here from abroad with \$150, from Yorkshire. He began in Troy, N. H., to make what is known as the Troy horse blanket. He manufactured in this country the first horse blanket ever manufactured—cut it out, shaped it up, and sent it out—the first one. Previous to that time the goods were manufactured, sent to the saddler, cut out, bound, and made up, and, of course, it became a high-priced blanket and high-priced goods. Now, Mr. Goodall made for the masses, and made a cheap blanket which at that time sold for \$2.50; but by making it ready to put on the horse, he made up, perhaps, 500 bales. There have been sold in this country over 30,000 bales in one year of those goods, and they have been sold down as low as 55 cents; not as good a blanket, not nearly; but simply by the force of competition the price of them to-day is only 87 cents. I remember when I used to sell them myself on the road, and finally I would go in to a man and say: "How many bales will you have?" I would, perhaps, put down 25 bales. Now, that blanket is in the market to-day and Mr. Thomas Goodall is the pioneer in that line. He was the originator, with Mr. Chase, in establishing the lap robes. He was the original man to make lap robes in this country, and it was quite a struggle for a time. Goodall & Sons were the original manufacturers of mohair plush in this country. So that the Goodall blood has been quite

original in this manufacture. And the Goodall Brothers are now interested in making alpaca coat linings. I do not think they were the original parties, but they were of a very active temperament, and Mr. Goodall and his sons have done more than anybody, perhaps, in those lines.

(Testimony closed.)

BOSTON, MASS., February 20, 1901.

TESTIMONY OF MR. CHARLES L. LOVERING.

Treasurer of the Merrimac Mills.

The subcommission being in session in the rooms of the Home Market Club, Mr. Clarke presiding, at 3 o'clock p. m. Mr. Charles L. Lovering, of Boston, treasurer of the Merrimac and other mills, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Charles L. Lovering; Taunton is my voting place and Boston my living place; post-office box 2344, Boston.

Q. Please state your official relation to manufacturing companies.—A. I am treasurer of several corporations.

Q. Name them or some of them.—A. Yes; of the Massachusetts Cotton Mills, of Lowell; the Merrimac Manufacturing Company, of Lowell; the Massachusetts, in Georgetown, Ga.; the Merrimac Manufacturing Company, at Huntsville, Ala. The Alabama concern is not a separate corporation; it is a part of the northern mills; it is a property I am not particularly familiar with.

Q. Any other mill in Massachusetts except at Lowell?—A. I am treasurer of the Whittington Manufacturing Company, at Taunton, but it so happens that my brother does most of the work. He is the assistant treasurer and does whatever has to be done there except when we want a little money or cotton.

Q. Are all these mills engaged in manufacturing cotton goods?—A. Entirely.

Q. Do you manufacture any linens?—A. None; I believe there is a little linen work going on. We were making it up; it is not of account. In fact I am selling what little yarn I found.

Q. Are you able to state the amount of capital of these several companies?—A. Yes; the capital of the Massachusetts Cotton Mills, in Lowell, is \$1,800,000; of the Merrimac, \$2,750,000; of the Massachusetts Mills, in Georgia, \$1,000,000; of the Whittington, \$800,000.

Q. How many spindles and looms are employed in these several mills?—A. The Massachusetts Cotton Mills, at Lowell, have 126,000 spindles and 4,100 looms; the Merrimac Manufacturing Company, at Lowell, has 144,000 spindles and 4,300 looms, about. We are in process of breaking up some, and we do not know where it will land. The Massachusetts Mills, in Georgia, have 51,624 spindles and 1,726 looms. The Huntsville Mill has 25,000 spindles and 848 looms. The Whittington Manufacturing Company has 48,000 spindles and 1,680 looms. There may be a loom or two out of the way; I do not know, as we are breaking up looms and adding all the time.

Q. If you have no objections, will you state the number of employees in these several mills?—A. I will state it to you as nearly as I can. In the Massachusetts mills there are about 2,200 on the pay roll; at the Merrimac there are about 2,400; at the Massachusetts mills in Georgia there are 1,000—either one way or the other, it varies from nine hundred and something to ten hundred and something. At the Huntsville mill I believe there are 425; at the Whittington mill I believe there are 1,200.

Q. How long have these several mills been established?—A. The Merrimac Manufacturing Company was chartered in 1822. The Massachusetts cotton mills in Lowell were chartered in 1839. The Massachusetts mills in Georgia were chartered in 1894. The Huntsville mill is not a chartered mill; it is a part of the Northern property and has no separate corporate existence. The Whittington mill is very old—not old as a corporation, but as a mill. It grew out of an old corporation that was established in 1833, but it was chartered as the Whittington Manufacturing Company in its present form in 1883.

Q. Are all of these cloth mills?—A. Entirely.

Q. Are you able to spin in these mills all the yarn that you consume?—A. Yes. There are times that the product at Whittington is so changed on to a fancy order that we can not get our carding and spinning around in time and we have to find some; but we consume there from 200,000 pounds to 500,000 pounds a year.

Q. What was the object, if you have no objection to stating, of the Massachusetts corporation and the Merrimac corporation in building mills in the South?—A. The Massachusetts mills at Lowell, as you know by the date of incorporation, were chartered and originally built to make goods for export from coarse yarns. It got along to a point, soon after I became treasurer of the mill in 1890, that I was forced to recognize that we could not make goods in Lowell and export them at a profit. In fact, we could not get cost at times. We have a great many very valuable trade-marks, and I wish to preserve them. I therefore went to my people for the privilege of building a mill in the South, and they were willing to do so if I was willing to incorporate it under Massachusetts laws. Most of our goods in the South are manufactured for export.

Q. Where is the principal market for those goods?—A. The principal market at the moment is in South America and in Africa. We are somewhat handicapped on account of the present troubles in China. We exported very large amounts to China, but they are so shut up now that the people will not buy the goods. When the Chinese war broke out we had orders on hand for possibly 5,000 bales or cases of flannels, of plain drills, and sheetings, and many of those goods we have only just succeeded in shipping out of the country. I believe we have shipped them very largely.

Q. What kind of goods are they?—A. The goods that were made at the Southern mills were a drill, and yard-wide sheeting, coarse, No. 12, 40 inches square, and Canton flannels that had never been made by us in the South. We made those in Lowell; but when there was quite a boom a year and a half ago, then we had orders for about 3,000 packages for China.

Q. How do you sell those goods in your foreign markets?—A. Generally, and in fact always, to the local houses in New York who do business in foreign places. For instance, as an illustration, William K. Grace & Co. do about all our South American business. We sell to them direct, and they pay for their goods before the vessel leaves a port.

Q. How do you market your goods in the domestic market?—A. Through commission houses in Boston and New York.

Q. Do you manufacture for stock or merely on the orders from the commission houses?—A. We manufacture a great many goods in stock; we keep our looms running very largely on orders, and the orders are taken by the commission houses from these exporters.

Q. Are any of the goods which you produce in Massachusetts exported?—A. Oh, yes, indeed; yes, we make all the denims here which we export; that is, the blue warp and white filling—that is, the drill.

Q. Will you please give the variety of goods that you manufacture here in Massachusetts?—A. We make at the Massachusetts mills what are called shirtings from coarse yarns, from 30 inches to 36 inches wide. We manufacture Canton flannels that weigh all the way from 5 yards to a pound to 12 ounces to a yard, and they are of various widths, according to the demand. We also manufacture denims that vary in weight from 9 ounces to a yard to 3 yards to a pound. That covers the goods that we make in the Massachusetts mills.

Q. How is it in the Merrimac, the same?—A. Their goods are for printing. They are made of fine yarns and coarse yarns, but all for printing.

Q. And you have a printing department?—A. Yes, certainly; there are 21 machines for printing at the Merrimac.

Q. Producing shirtings and calicoes?—A. Yes, and finer goods; goods that are napped, and goods that are finished in peculiar ways to give them a rich effect.

Q. Do you also manufacture there any toweling?—A. Yes, cotton toweling.

Q. White pique cloth?—A. Not at present. We are not doing it now, I am thankful to say. We had so much to sell at a loss that we are glad to be out of it.

Q. Are there disadvantages in manufacturing goods for export in Lowell?—A. Yes; Lowell is rather handicapped for manufacturing goods for export.

Q. What are the principal disadvantages?—A. A great deal of our power is obtained from steam, and the freight on coal is very high. Labor is high and hours are short in this State.

Q. What does coal cost delivered at your mills in Lowell?—A. At the moment we have a car in the yard that cost \$4.25.

Q. What does it cost delivered at your mills in Georgia and Alabama?—A. It costs \$2, but you get a short ton down there, while the ton up here is the long ton.

Q. Do you get anything at all any cheaper down there than here?—A. There is no advantage whatever in the South on anything. I do not mean to say that we would not have an advantage once in a while, but on the whole we do not get any advantage over the Northern mill.

Q. Is there any advantage in the wages or hours of labor?—A. Yes. Wages are 30 per cent less and the hours are 8 hours longer per week in Georgia than in Massachusetts.

Q. You run substantially the same kind of machinery there as here?—A. Exactly the same; made in the same place.

Q. Is it speeded just as high?—A. We are not running it just as high. The looms are running 10 picks less per minute than the Northern looms.

Q. How much smaller is the output per loom or operative than in these mills?—

A. I have not figured that out. I can not answer it. I should say it was from 5 to 10 per cent less, but I should not like to give that as an exact statement.

Q. About what per cent loss are the wages?—A. About 30 per cent. I mean earnings per diem. Our price we pay for weaving a certain given length of 40 picks is a trifle over half what we pay up here.

Q. Is it that difference in the price of fuel and the difference in the rates of wages and the hours of labor which enable you to manufacture there for export?—A. That is practically all there is to it. Of course, the supplies that go into the construction of goods cost just as much in one place as in another.

Q. In South America and China you have to compete with similar goods from other countries?—A. Oh, yes.

Q. What country chiefly?—A. England.

Q. Is there any particular difference in the quality of the goods which you send there and the quality of the goods they send?—A. I think the quality of the goods made by the mill I represent and other mills in this country is better.

Q. In what respect?—A. I think they are made probably of better material, and they are absolutely free from what I call filling; that is, we never put any filling into the goods except what will carry the warp.

Q. You never load with clay?—A. No; we have no conveniences for doing it; can not do it. I do not know of a Southern mill or Northern mill that exports goods to those countries that loads the goods as they do in England. Yet I am obliged to say there are very many nice goods made in England.

Q. Are you able to give the finish?—A. We do not require the finish on an ordinary sheeting or drill. All we do is to put it over the shears and brush it and put it up.

Q. The wearing quality is superior to theirs?—A. I think so.

Q. Have you any complaint to make of rates or classifications on the railroads or steamship lines?—A. I have no complaints. If I am treated like other people, I have nothing to say. We frequently run up against an overcharge and make a complaint and get the excess back again. I am all the time quarreling with Mr. Culp, who is traffic manager of the Southern Railway in Washington. His railway goes to our properties in the South. My correspondence with him is very large.

Q. Do you enjoy any special rates?—A. Not from anybody.

Q. Do any other manufacturers?—A. I think not.

Q. Has there been a difficulty in the business in the way of discriminations in favor of somebody who gets a private understanding?—A. I do not know of any. When I went into Georgia, Mr. William H. Baldwin, here in town, was then second vice-president of the Southern Railway, and he then agreed I should have Rome rates to the mill. That is, anything on the line should be delivered at Lindale, which is 4 miles from Rome, at the same price as delivered in Rome. Once in a while a man comes into their employ who thinks he is possessed of more power than he has and he puts on the thumbscrews and puts on the price, but he has to take them off again.

Q. Are you in any way hampered or embarrassed by the laws of the States where your mills are located?—A. No.

Q. Have you any changes to suggest in any of the State or national laws?—A. No, I do not know of anything. If everybody is treated alike, and we are allowed to get along without any interference in business by some ragtag of somebody or other, I do not propose to find any fault, and I have no occasion to do so. I think there are a great many people who think they ought to have better rates and better treatment than others, but I do not see how they are going to get them in the long run.

Q. As a general thing, is cotton manufacture profitable at the present time?—A. Not at the North. There is hardly anything at the moment that we can make any money out of, and it is looking very serious for the Southern properties.

Q. The mills of which you are treasurer are paying dividends, are they not?—A. Yes. We never pay above 3 per cent semiannually, but we have succeeded in doing that pretty well.

Q. Is the business better now than it has been in recent years?—A. Poorer—a great deal poorer. It was never poorer than it was three months ago. There appears to be no stable value for anything.

Q. Compare the last 3 years with the previous 3 years.—A. I should say for 3 years back of the last 6 or 8 months business was better than for the 3 years back of that, if you will allow me to express myself in that way.

Q. The prosperity of your business depends to a considerable degree on the general prosperity of the country?—A. Very much so; but more particularly, I will say, the

mill manufacturing coarse numbers—as most Southern mills do—is dependent on a low-priced cotton to dispose of its product. So many of them go out of the country and into countries where they know nothing about the price of cotton, and they think the price should be the same when cotton is 5 cents as when it is 10 cents. They are unwilling to grant the advance put into cotton in the last few months. The finer yarns are differently affected.

Q. Is the present depression in the industry due in part to the high price of cotton?—A. I think so.

Q. Is it mainly due to that, do you think?—A. Yes; I rather think so myself.

Q. How do you account for that high price of cotton?—A. Too small a supply and too big a demand for the last 18 months. The crop of last year, or rather of the year before last, was about 11,000,000 bales, and this last year the crop was a little over 9,000,000 bales. You can not take 2,000,000 bales out of the season's crop for practically two seasons in succession and expect the trade to go along on a low price.

Q. Owing to competition you are not able to advance the price of the finished product enough to equalize that?—A. No; we can not do it; and besides, it is well known the world over that a cotton fabric is more readily disposed of at a reasonably low price than at anything like a high price. There is more demand for cotton at a low price than a high price.

Q. In what form do you receive the cotton in your several mills, in square or in round bales?—A. Mostly the square bales; but last year I purchased for all the mills that I had to do with, I think 38,000 American round bales—that is, the American lap bale.

Q. Is the cotton fiber in any way impaired by baling in the round form?—A. Not in the American cotton bale.

Q. You consider that the preferable way?—A. It is the ideal way to pack cotton.

Q. Is it as easily packed for transportation for cars and steamships?—A. You can put from 35 to 50 per cent more in any car or steamship than of the square packed bale—its density is so much greater.

Q. And still there will be interstices between the bales?—A. I am just figuring on building a storage at Lowell—a very large one. I asked the agent of the mill to figure up and let me know what he wanted the floors and columns to be arranged for; what weight per square foot of flooring. The ordinary square packed bale would call for about 100 pounds as we pack them, while the round bale is so dense they call for nearly 200 pounds per square foot.

Q. Have you heard any complaint from shipowners or shipmasters of the danger of shipping a cargo when round bales are used?—A. I have never heard any.

Q. Is there less danger from fire?—A. Very much less, in my opinion.

Q. Are insurance rates lower on round than on square bales?—A. The insurance rates ought to be very much less, but the insurance companies are very loath to let go what they think they have possession of.

Q. Have any tests been made at Lowell or elsewhere?—A. There were some made at Lowell. I have an account at my office which I can not just now remember, but it is my impression that the percentage of cotton lost in the round bale per hundred was about 53 per cent, or 47 per cent, while the loss on the other bale was something like 80 per cent.

Q. Will you describe briefly the method of baling the cotton in the round bale?—A. I never have seen the operation of it, but I know something of it from the drawing. It is ginned and carried up through a tube or over an apron and dropped down through a tube in between a pair of rolls. It is wound up there with the pressure roll on top. There are 2 rolls at the bottom; the lap is in between, and there is a pressure roll on top. The density is obtained by that pressure, the lap winding up like we wind a lap in the mill, with a density of from 37 to 42 pounds to the cubic foot.

Q. (By Mr. LITCHMAN.) Around a mandrill?—A. Yes; and on the mandrill is a paper tube which is left in the bale.

Q. (By Mr. CLARKE.) Does it cost any more to bale cotton in that way than in the square bale?—A. I can not answer that question. I do not see why it need to if the machinery is properly fitted up. They save one baling. The baling on the plantation or the country press is done by a hand press worked by 2 horses or by 1 horse. They press the cotton down in the box and then they have to take that to the compress and bring it down to about 21 or 22 pounds per cubic foot. I have seen a bale that stood 5 feet crushed down to a foot before they lifted up the jaws.

Q. Does the cotton come in perfectly clean always in the round bale?—A. Superb.

Q. How is it with the old square bale?—A. Very bad, for the reason they put on the outside of the square bale as poor a covering as they can possibly buy. In olden times when cotton was worth 12½ cents, when I was a young man, they did not hesitate to put on all the heavy burlap and packing they could, but when it got down to 5 cents per pound they did not feel like putting on so much outside covering.

Q. And the result was that a good deal of the fiber was exposed?—A. Very often the fiber would be hanging out. I recollect that during the civil war, when I was pay-

ing \$1.60 for cotton, I was obliged to hire one or more men to follow every dray load of cotton from the storehouse in New York to the steamer because boys stood near by and pulled it out. The baling has never improved since that time. It is still baled in the same bale as it was when I was a small boy. I might add that I knew of no commodity as valuable as cotton that is so poorly cared for.

Q. (By Mr. LITCHMAN.) You use the same machinery in the South as in your mills in the North?—A. Exactly; made in the same shop.

Q. Are you familiar with the limit of the yarn supplied from the Southern mills, the finest?—A. No; I know there are mills, there is one in Gastonia, making what we call 52-ply.

Q. As a rule, they are not making as fine a yarn as in the North?—A. There is very little fine yarn made in the South. No reason why they should not do it, but there is not much made there.

Q. Do you care to give any comparison as to the rate of wages paid in the South and in the North?—A. I do not know just how I can do it. I can say the earnings at the South at my properties are from 30 to 33 per cent lower per diem than we pay here at Lowell. At the same time we have a great many people who are very expert in the South and who earn very good wages. The expert weaver, on the prices we pay them in the South, will come within 15 per cent of the earnings here.

Q. What is the difference in the hours of labor?—A. Eight hours per week.

Q. Eight hours more in the South?—A. In Georgia.

Q. Do you find it an advantage to be able to work your mills that extra time?—A. Oh, certainly.

Q. Have you as yet met any organizations of labor in the South?—A. I do not know of any in my place. I have no doubt there are some. I shall not find any fault when they get there.

Q. You have no particular opposition to labor organization as such if properly managed?—A. No; I would rather work with a well-organized body of laborers than to work with the rabble.

Q. Have the Southern States, so far as your observation goes, engaged much in what is called labor legislation such as we have in the North?—A. Not much. They have attempted it in several States. They tried it in Alabama the other day, as I read in my paper, and they regard that they have defeated the legislation. I think it will come up again another year; and the legislation they asked for, I think, is wise.

Q. Your help in the South is white?—A. Entirely, except scrubbers.

Q. You have not made any experiment with the employment of negroes?—A. No; we can not work them together with the white labor.

Q. On the whole, your experience in the South has been satisfactory?—A. Entirely so.

Q. Has it enabled you to make goods for the foreign market to your better satisfaction than in the North?—A. The goods are no better, but I have been able to retain the market which the mill had always had.

Q. You are interested, then, in the widest possible extension of the foreign market?—A. Very much.

Q. Have you any suggestion to make whereby that may be facilitated?—A. I wish we did not have the Chinese war on so that we could get at the people in China.

Q. What would be your opinion as to the reconstruction of our merchant marine?—A. I can not answer that question because I have not thought much about it.

Q. Would you see any objection to the encouragement of the reconstruction of the merchant marine in the form of subsidy?—A. I do not approve of a subsidy.

Q. As an abstract proposition or the concrete fact of this particular subsidy?—A. I do not like this subsidy at all. I do not think it is going to accomplish what the country wants. Now, the outside countries that subsidize their ships are practically France and Germany and Italy; England gives almost nothing.

Q. Is it not true that England pays heavy subsidies?—A. I do not know of it. I saw a statement in the paper that she does not, but I do not know about it myself. My son was sitting at table with me and he read out a statement that England did not pay subsidies. I was quite surprised. I did not know anything about it, but I do know that the statement is made that France pays a higher subsidy and does not get an equivalent from it.

Q. What are the sanitary arrangements in your Southern mills?—A. As good as in the North.

Q. And your provisions for the safety of life and limb?—A. As good as in the North. We have an extremely modern mill. In fact, there is not a mill known that is better than our Southern property. When a man means to build a good property he had better build the best he can. That is what I did. I got the best mill architects I could find and supplemented their work with what I knew, and I believe it is pretty generally acknowledged that our property in the South is a good one.

Q. Don't you think the results are better from the the help employed in a mill where proper arrangements are made for safety of life and limb and sanitary purposes?—A. It must be so. It can not be otherwise.

Q. (By Mr. CLARKE.) Would you like to have the tariff revised or let alone?—A. I would like to have it revised. I am an exporter. I want the world.

Q. How would you like to have it changed?—A. That I am not able to tell you. I can not go into that discussion, but I know there are places where we are a little bit handicapped. For instance, if I want to make a repair up here at the mill at Lowell or in the South I am handicapped with the high cost of machinery—two and a half times as much as the English price. The English can build a mill and capitalize it at a third of what we can here. That means something in the cost of goods in the long run.

Q. You would like to be able to get cheaper machinery?—A. I would like the machinery somewhat reduced. The machinery builders of this country are so well protected that under the protection they have a scheme whereby there is but one price for anything in this country.

Q. Does this fact apply to machinery on which they have patents, or otherwise?—A. I do not refer to the patent part of it. The time was, a few years ago, when you could get two or three prices on machinery. They said they did not make money that way. I am not going to dispute that, but when you get the price of goods way down below, we can not get the machinery down to help us out any.

Q. You think the high price of machinery then is largely on account of the duties on it?—A. I think the manufacturers are enabled under the duties to combine. For instance, several years ago I was interested in a large cotton-yarn concern; and at that time we could bring all our cards from England at a low price because we could bring them here and pay the duties and save quite a little amount and get as good a card. A ring spinning frame is better built in this country than abroad. A large proportion of the machinery all through the carding room is equally good abroad, and could be got at a less figure at that time. But I am not a complainer in any sense. I do not think we can go on in this country making cotton goods at the rate we are now making them without an outside market and a much larger one than we have to-day.

Q. Do you think there is anything in the way of getting that market except the high cost of machinery?—A. I do not know that I would say that there is not. There are some countries I imagine we can not get into. I have not much knowledge about it. There are countries we can not put our goods into.

Q. Then any change in our tariff would not affect that?—A. It might. We might be able to get into other countries.

Q. (By Mr. LITCHMAN.) Have not they got the advantage of the importation of machinery without the payment of duty?—A. Oh, yes; Germany has.

Q. How could you possibly get into those countries?—A. We do not expect to put any cloth into Germany or England.

Q. How could you get into the countries that Germany supplies, except by a reduction in the price of labor?—A. I tell you now I honestly think that notwithstanding the high cost of labor per yard in this country a great many goods are made at as low a price as they are made in Germany with low-price labor.

Q. On account of superior skill and production?—A. Yes; better climate, etc. But I am not much of a talker on the tariff, except that I want all the outside markets we can get; and I am free to say we can not go on and make goods as we are now doing without such market.

Q. (By Mr. CLARKE.) Does the prospect of revising the tariff have any effect on business generally?—A. It does, but it is a thing which the people will get over after a while. Sometimes you have to have a herculean operation to cure a man—cut off his leg or something.

Q. The business depression, then, incident to a revision would not deter you from advising a revision?—A. No; it does not. I should not be intelligent enough to make the revision; I do not know enough about it, but I think that to live and let live the world over is rather the best way to get along.

Q. You think the cotton-goods schedule can stand any reduction?—A. Almost everything I make can get along without any tariff, because we can beat England now in many markets. The English can not make a drill of the same capacity, of the same standard as we make, and compete with us in China. They make an inferior drill and therefore get there.

Q. If you had no duties would there be any danger of the dumping of the surplus stocks in this country so as to demoralize the market?—A. I do not think so. But everybody must be treated with the same consideration, in my opinion. I do not think you can discriminate in my favor against somebody else making finer yarn.

Q. Notwithstanding the practical difficulty of revising the tariff you would still recommend it?—A. I would recommend a lower tariff. It occurs to me if there was a lower rate of duty properly applied to all productions it might be better for the country. We go to work and make goods at a high cost, and then raise the labor;

and everything that labor has to buy it has to pay more for, so that it is not much better off. I think, however, labor is as well paid to-day as I have known it to be in this country.

Q. Are the goods you sell more expensive than a while ago?—A. A good deal. It is not 2 years since that our goods have increased in cost at Lowell 20 per cent. The increase is 25 per cent since 1888.

Q. What is that increase in cost due to?—A. To two 10 per cent advances in labor, which makes 20 per cent; and in the supplies that go into it.

Q. If the tariff was reduced, would not labor have to be content with a less wage?—A. Yes; but it could buy what it gets for less. The point is, the lower you can offer a commodity to the world the bigger business you can do. You can do twice as much business with China with a drill at 5 cents as at 7 cents. The same is true in South America; it is also true in Africa. Those are the great consuming countries of the coarse products made North and South in this country.

Q. Before this present war in China, were the Chinese manufacturing cotton goods to some extent?—A. Yes; to some extent. I do not know to how great an extent, but their goods never interfered with well-made and well-constructed American goods. They did not take the same place. They went to parts of China where they were willing to wear an inferior article.

Q. Do you know of any reason why they can not produce as good goods there as you can here?—A. I do not think they can. The morale of the country or of the labor there is not at all commensurate or to be compared with ours. The very idea that a man can live on a cent's or two-thirds of a cent's worth of rice does not to my mind permit him to compete with the man that lives on a piece of beef.

Q. Are you familiar with cotton goods made in India?—A. I have seen them.

Q. How do they compare?—A. I do not think they are as good as goods made in England.

Q. Have you seen any of the Japanese cottons?—A. Yes.

Q. How do they compare?—A. Very well made, indeed.

Q. Do you understand the cotton manufacturing industry is rapidly increasing in Japan?—A. It is said to be and must be, because I believe the Japanese took something like 100,000 bales of cotton from this country last year.

Q. Do you know what it costs per yard to bring cotton north from Alabama to New York?—A. No; I can not tell you. I was shipping some goods to Shanghai; I believe that is where they were to go. We had already contracted to ship some by way of California direct from the southern mill, making the New York allowance of freight, 53 points. We made some shipments that way, but it came out we could send the goods by way of New York and by way of the Suez Canal for 98 points, whereas they went for 115 from the Southern mill, against which we allowed 53 points.

Q. You understand Japan is exporting some cotton yarns and cotton cloths?—A. I have heard so.

Q. Do you know how wages compare in Japan with Massachusetts?—A. I do not. I suppose they must be a great deal less.

(Testimony closed.)

NEW BEDFORD, MASS., February 21, 1901.

TESTIMONY OF MR. WILLIAM W. CRAPO,

President of the Wamsutta and Acushnet Mills.

The subcommission met at 2.34 p. m., Mr. Clarke presiding. At that time Mr. William W. Crapo was introduced as a witness, and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you please give your name and post-office address to the stenographer?—A. William W. Crapo, New Bedford, Mass.

Q. When were you in Congress?—A. From 1875 to 1883; 8 years, 4 terms.

Q. How long have you resided in New Bedford?—A. I was born in an adjoining town, and have lived here all my life—70 years.

Q. You are a lawyer by profession?—A. Yes.

Q. And in practice?—A. Yes; although my business affairs have rather withdrawn me from an active participation in court practice.

Q. What is your connection with cotton manufacturing in New Bedford?—A. I am connected with the business as stockholder and director and president of two corporations.

Q. Of what companies are you president?—A. The Wamsutta and Acushnet.

Q. Will you please proceed in your own way to give a succinct account of the industries of New Bedford, beginning back as far as you please; the great revolu-

tion that took place about the time of the establishment of the cotton industry, and then outlining its gradual development?—A. The industrial history of New Bedford can be briefly stated. For nearly a hundred years this community was engaged in the prosecution of the whale fishery. For a considerable portion of that time it was the leading whaling port of the world. The industry was prosecuted with success and with very gratifying profit. Perhaps one cause of its success and prosperity may be attributed to the concentration of the industry in one locality. With three or four hundred whale ships sailing from this port, employing from twelve to fifteen thousand seamen, there were advantages not obtained by seaports which sent out only 8 or 10 sailing vessels. There was a better opportunity for coopers and boat-builders and makers of harpoons and whaling gear and other specialties which were necessary in carrying on the whaling industry. This resulted in better preparation for their 3 or 4 years' voyages. Then, too, there was a better opportunity for a knowledge of the relative merits and qualifications of boat steersmen and officers, and a larger number from which to make selections, and better opportunity for promotions in the service. There was a better knowledge of whaling grounds and also a better command of the markets for the return cargoes of oil and bone.

In fact, as I remember it in my younger days, the atmosphere of the city was filled with whaling traditions and the whaling spirit. The boys followed their fathers in search of whales, and those that remained on shore were preparing themselves in some branch for the in-fitting or out-fitting of whaling vessels.

This lodgment and congregation of an industry with its adjuncts in one spot is not of course unusual. Pittsburg has its steel industry, Grand Rapids the manufacture of furniture, Lynn its shoes. I should say the diversity of industry in a community is an advantage when one of its branches is in distress, while the others are untouched; but, on the other hand, when the thoughts and energy and training of the community are in one line of business, there are, I think, greater efficiency and better results. I do not know whether this local concentration of industries furnishes an argument for the combinations of the present day.

However, the whaling industry went out from natural causes. The oil wells of Pennsylvania brought into use a lubricating and illuminating product at very much less cost than it was possible to furnish it from our ocean voyages; and the use of gas supplanted the earlier modes of lighting. These changes gave a mortal blow to the whale fishery, and our people were compelled to exercise their ability, talents, energy, and capital in some other direction, or else New Bedford would lapse into decay.

Their attention was called to cotton manufacture, and they engaged in that industry largely to the exclusion of other branches of employment; and that has grown to an extent that there are in operation to-day, say, 1,370,000 spindles, with a corresponding number of looms—between 23,000 and 24,000 looms.

I am not a practical manufacturer, and while I live in a community where the making of cotton yarns and cotton cloths is the specialty, I do not pretend to be able to run a mill. I have, however, perhaps a general understanding of what is going on, derived more from a knowledge of results and the study of balance sheets than from any active contact with or participation in the details of manufacturing. Questions concerning the workings of a mill I must leave to those that are more expert than I am.

New Bedford adopted in the beginning the line of fine goods; that is, fabrics made from the higher numbers of yarns in contradistinction to the coarser and heavier grades of goods. That course was adopted in the beginning and has been followed almost exclusively, so that to-day New Bedford leads in the line of work of fine goods.

The industry has been reasonably profitable. There have been of course, as in all business, days of discouragement and loss. It is not always a flood tide with us. But taking the whole period the results have shown that the prosecution of this particular line of work was judicious and well advised.

It may not be amiss for me to say that the industry as it is carried on in New Bedford, with the style of goods which we manufacture, is dependent on the tariff. I do not know that the matter of tariff is one for discussion now, since the general sentiment of the country is, I think, in favor of the present policy of protection, with such modifications of rates from time to time as may be necessary; but so far as our industry is carried on in the mills here in New Bedford, we are dependent on tariff protection, more so than is the case with the coarser grades of goods.

The labor cost on a pound of cotton when wrought into the finer fabrics of cotton cloth or into the finer yarns is very much greater, of course, than the labor cost in the production of coarse and heavy fabrics.

That distinction has been recognized in the present tariff laws. It was first introduced in a scientific way in the Wilson act and the system has been continued in the Dingley act; a higher rate of duty being put on the finer grades of goods owing to the higher labor cost than was placed on the coarser goods, in order to meet the cheaper labor abroad.

Q. Is it still true that the competition of foreign goods is chiefly in the finer grades?—A. It is; and let me say, too, that the tariff as it exists is not in any way prohibitory. That is evident from the large amount of cotton fabrics which are imported; and the importations are of the finer grades of goods.

We have made, within the last 10 or 15 years, very great advances in the manufacture of cotton fabrics; very great advances. We are producing to day, I claim, goods which in texture and style and finish, are equal to any that are produced in Europe. The exhibits at Paris this last year would indicate that. The Wamsutta Mills received a grande prix as did other American exhibitors. Of course there were grand prizes given to the people of other countries, but the exhibit of the American cotton goods was certainly equal to that of any country. Our machinery is as perfect and our workmen as ingenious and skillful as can be found anywhere. Of course they want better wages and a higher standard of living, and these advantages very rightfully and properly are accorded to them.

Q. Do not those advantages improve their quality as work people?—A. Undoubtedly; I think that the better paid they are the more efficient they become. Speaking of the character of our workmanship, there is, to my mind, a very hopeful indication of our continued proficiency in the manufacture of goods in the establishment of our textile schools. By means of them a technical and scientific knowledge is acquired of the raw material that is used and the machinery that is employed and the various processes of manipulation which could not be gained simply by the routine work in the mill. We have here in New Bedford, in successful operation, a textile school which is exceedingly well patronized by earnest and ambitious young men who are perfecting themselves, by scientific and practical training, as manufacturers of cotton goods; and in this direction I look for the continued excellence of our American products, keeping pace with anything which is likely to occur abroad.

Our people have been troubled somewhat by the very large increase of spindles at the South. The increase of cotton machinery far beyond the increase of population has disturbed the New England manufacturers, because of the apprehension that the longer hours, lower wages, and cheaper coal of the South would result in an unequal and disastrous competition. Quite a number of Northern mills have adapted their machinery from coarser goods to finer goods, thinking thereby to escape somewhat that competition. In doing so I think that they have rather overlooked the consideration that while the coarser products of cotton can, under certain circumstances, be exported from the country, and are exported from the country, the finer products of cotton have no such outlet, and are dependent entirely upon the home market. If the increase of spindles in the finer goods becomes largely in excess of the home demand, and a glut occurs, then follows the inevitable restriction of product through the shutting down of mills, with the accompanying stagnation and industrial commotion, to be continued until consumption has absorbed the surplus product. It may be that by the undue increase of cotton manufacture at the fine end, as we call it, with no foreign outlet, it may become much less profitable than the making of standard and coarser goods.

I do not want to be understood, when I say that the coarser goods are exported, with probabilities of increasing exportations, that the tariff could be dispensed with, even in that case, because there are times, as we know, when an overproduction abroad and a glut in the English market causes goods to be sent here for sale at prices ruinous to our industry. With a tariff schedule as now arranged, and a moderate duty on the coarser fabrics, this danger can be avoided.

Q. You think then that there is some advantage in preserving duties on the coarser goods?—A. Yes, I do, on account of the steadiness of the market; if a volume of goods from abroad is thrown on the American market in order that manufacturers abroad may get rid of a glut which is disturbing their home market, the result is disastrous to us, whereas a comparatively small import duty would prevent that fluctuation. So that while it may be said that we are exporting cheap cotton goods to China and to the East, which we are doing to a comparatively small amount, I think that the industry and the exportation would grow faster and better by keeping our own market steady and building up the industry just as the cotton industry has been built up in the past by the aid of a tariff.

Q. In your opinion does the tariff stand in the way of exportation in any way?—A. No, I do not think it does, because that matter is dependent entirely upon home competition. There are people enough producing cotton goods to make all the goods that can be sold with a margin of profit, and if a market can be found abroad they certainly will send them there. Indeed, I think that the exportation of cottons has very materially helped the cotton industry during the last 2 or 3 years while the increase of spindles has been going on at the South. You are probably aware that the exports of cotton goods have reached \$20,000,000 annually. The foreign trade has been a growing and increasing trade, apart from the interruption caused by the war in China.

Q. Do you think it improbable that foreign markets can be gained for our fine goods product for some time to come?—A. The importation of fine goods which enter

into competition with the New Bedford product amounts to about \$42,000,000 annually. I am optimistic enough to think that we shall gradually substitute for that importation goods of American manufacture. The ingenuity of our people and the constant progress they are making in the methods and cost of production lead to this conclusion, but we can not do it at present, and we can never reach that point if the industry is thrown down now by the denial of tariff protection.

Q. Do you use considerable English machinery in the mills here?—A. Yes, yes; our mills use the best they can find, whether it is made in this country or Europe.

Q. Has there been a steady improvement in the American machinery?—A. Oh, yes.

Q. Is it taking the place of the English machinery steadily?—A. It is. Of course at first we were obliged to rely upon English machinery, but now the American machine builders are certainly very able and they produce very good work.

Q. A witness testified before the commission yesterday that he favored a revision of the tariff so as to get lower duties on machinery and therefore get home-made machinery at a lower cost; would you agree with him in that?—A. No; I would not. Of course we want to buy in the cheapest market; that is the selfish way in which we all look at these things, but the amount of machinery which we now buy abroad in comparison with what is made at home is so small it seems unwise to endanger the welfare of the shops in this country which are engaged in making cotton machinery.

Q. (By Mr. LITCHMAN.) Let me ask you right there, as a general proposition, do you think that it would be wise to attack the tariff piecemeal?—A. No; I do not think it would.

Q. As a general proposition, the prosperity of the whole country is fostered and built up on the general system of protection to American industry, is it not?—A. Yes, I think it is, but I think that changed conditions after a while may make a revision of tariff rates desirable. For instance, we do not now need the same rate of duty on print cloths as prevailed 30 years ago, and the same may be said of copper and steel and other products. Those rates aided the development of certain industries, and it is not necessary that they be arbitrarily permanent. So far as the cotton industry is concerned I see no reason for a change of present rates.

Q. (By Mr. CLARKE.) Do you see any present need for it in any direction at the present time?—A. No, I do not—in no industry that falls within my observation.

Q. What effect upon the business of the country does a revision of the tariff usually have?—A. It always unsettles; it creates apprehension; it is a disturbance to business.

Q. Is business somewhat curtailed during that period?—A. It is necessarily so.

Q. Do you consider the business of the country prosperous at the present time?—A. Generally, yes. Just at present in cotton and woolen manufacture there is, I should say, an overproduction, which has slackened demand. The buyers have an idea that lower prices may be reached, and are consequently waiting. They are not stocking up. The stocks of cotton goods, in my judgment, are being depleted. The distributors are not carrying the usual quantity lest there may be a fall in prices, but are buying sparingly. The quantity of goods at the distributing points is being reduced, but with the resumption of orders, which will naturally follow, the markets will improve with better prices. So far as my observation extends the industrial condition of the country as a whole is in good shape.

Q. How does the prosperity of the cotton manufacture here in New England, and especially in New Bedford, during the last 3 years compare with that during the previous 3 years?—A. It has been very much better. The last 3 years have been prosperous years. Prior to that time we had depression, which, here, was exceptionally severe, because it embraced a strike which closed the mills throughout the whole city.

Q. To what main cause do you attribute this difference in prosperity in the two triennial periods?—A. I think one very great influence has been the greater confidence in the stability of our currency. It is also true that there has been no agitation whatever in the last 2 or 3 years about tariff, and there has been in the minds of our people a very great relief in the idea that we had a fixed and stable currency. These influences have helped business.

Q. (By Mr. LITCHMAN.) Is not business based largely on confidence?—A. Yes.

Q. And the continuation of a fiscal policy through 8 years, of course, strengthens the business confidence, does it not?—A. I think so. What troubles the business man is uncertainty.

Q. The fear of what may happen from a change of fiscal policy?—A. The fear of what may happen, which he can not control. He can control his buying of raw stock and the manipulation of it and the putting of the product on the market; but when it comes to questions of the currency and the tariff he feels helpless.

Q. Would not a threatened change, then, in the fiscal policy have an evil effect even before a change in the legislation?—A. Yes, the apprehension of it.

Q. In other words, the good master of a vessel trims his sails for the breeze that he expects?—A. Yes, he does not wait for a blow.

Q. (By Mr. CLARKE.) Would you say, as one having had experience in Congress, that it is practicable to amend 1 or 2 schedules of the tariff without opening the whole subject?—A. I tried that once.

Q. Did it work?—A. It did not work; it was with reference to a local industry—the manufacture of yellow metal sheathing. There was a gross and ridiculous error in the law as it stood by which the manufacturers were obliged to pay a duty on the raw materials used while the finished article was imported free of duty. The error was so palpable and the law so unjust I thought there could be no question about its being remedied. I introduced a bill and it was referred to the Ways and Means Committee and the committee said, "Why, yes; you are right, Mr. Crapo, this is evidently an error, but we do not dare to report your bill, although you are suffering a disadvantage and in a certain sense an injustice, because just as quick as such a bill is reported there will be numberless amendments offered and a general revision of the whole tariff law will be attempted." Hence the amendment of 1 or 2 schedules is quite impracticable.

Q. Would you care to express an opinion as to the relative value of a specific and an ad valorem duty?—A. That is a question which is quite debatable.

Q. Does not the ad valorem duty open the door to wider possible frauds in undervaluation?—A. That is undoubtedly so, but sometimes I think that it is quite advisable to mingle an ad valorem with a specific duty.

Q. Where the specific duty may be reasonably and promptly applied, does it not work better?—A. Yes, I think it does. It prevents undervaluations undoubtedly; no question about that. But sometimes in getting at values you can start with a specific duty and blend with that specific duty an ad valorem.

Q. That enters the realm of this scientific adjustment of the tariff that you referred to a few moments ago?—A. Yes. I think, however, almost every description of products should be based upon its own relative conditions.

Q. Have you any knowledge of the manufacture of linens in this country?—A. No.

Q. (By Mr. CLARKE.) You have doubtless seen suggestions for repealing the duties on products that compete with the products of so-called trusts in this country. Have you thought of it enough to come to a conclusion as to whether that would be a wise remedy or not?—A. No; I can not say that I have. It seems to me that the legislation suggested would not be general in its application. It would strike only a portion of the trusts. The Standard Oil trust would not be affected. The rubber trust would not be affected by any tariff legislation. The steel trust might be in the case of some of its products. But that kind of legislation does not seem to meet the whole circle of business.

Q. If duties on such products were repealed, would that be likely to injure the trust more than the domestic competitors of the trust?—A. No; I do not think it would. I think that the remedy for any abuse by the trusts will come through home competition. The domestic competitors of the trusts would be more injured by such repeal than the trusts themselves, for the reason that the withdrawal of tariff protection would destroy the smaller competing industry, while the trust, with its larger capital and enormous resources and superior organization might, in the absence of home competition, survive and become even more of a monopoly.

Q. Some of the independent producers of tin plate have testified before the commission that the repeal of the duties on tin plate would so much impair their ability to manufacture that they would probably have to go out of business, while the trust might be able to continue, and probably would be. In your judgment, is that the way it would work?—A. Yes; it is.

Q. While we have you on the stand I wish to ask you a little something about railroad systems?—A. Yes; of the Pere Marquette system.

Q. Are those roads entirely in Michigan?—A. Yes. There were 3 roads of an average of 600 miles each. They were not competing roads, not rival roads, but roads with similar traffic. They were only fairly prosperous. They were the Flint and Pere Marquette, the Chicago and West Michigan, and the Detroit, Grand Rapids and Western. Those roads were united into the Pere Marquette Railroad Company, making a system 1,800 miles. The united system has been in operation since January, 1900.

Q. And are there car ferries across Lake Michigan connecting with the Wisconsin roads?—A. Yes; there is a system of car ferries across Lake Michigan to Milwaukee and Manitowoc, with steamers carrying 30 loaded cars.

Q. Does that combination make a through line from Minnesota?—A. Yes; it makes a through line from St. Paul and through to New York and Eastern points.

Q. With what roads does your system connect in the East?—A. The eastern termini are Toledo, Detroit, and Port Huron. We connect at Port Huron with the Grand Trunk, at Detroit with the Vanderbilt system, Wabash, and Canadian Pacific, and at Toledo, east bound, with the Pennsylvania system. I will say, with reference to this

particular consolidation or unification, or whatever it may be called, that there has been no increase of freight charges or passenger rates; there has been no decrease of wages to employees; but there has been an increase of earnings growing out of the separate roads throwing their traffic over the entire line so far as practicable, instead of its dissipation at junction points and delivery to other roads. Now, of course, this railroad combination, if we may call it so, is a very small affair when compared with what is going on with great trunk lines, but it demonstrates that the unification of smaller and weaker railroad companies into one strong system results in greater economy in operation, and also furnishes greater facilities for the conduct of a satisfactory public service. There is no doubt that where the union of railroad companies is based upon present values, free from any purpose to create an enhanced paper value for marketing shares and bonds, but simply to improve the service and strengthen the financial conditions, such union will prove successful, of advantage to stockholders and to the public. A great deal of recent railroad consolidation has been simply the extension, or rather the union, of continuous lines. For example, the absorption of the Boston and Albany by the New York Central. The character and duration of the lease in this case makes the New York Central practically the owner of the Boston and Albany. I do not see that any harm inures to the community by reason of this relation, but rather that the public is benefited. No harm came to Massachusetts by the union of the Boston and Worcester with the Western Railroad, whereby there was a continuous line under a single management from Boston to Albany.

There is another class of railroad combinations, promoted by bankers and others, where, by means of a "community of interest," rival and competing lines are made obedient to one policy. This class of combinations has grown out of a defect in the interstate commerce law which Congress has neglected to remedy.

Q. (By Mr. LITCHMAN.) The antipooling arrangement, you mean?—A. Yes. The prohibition of pooling led to abuses by the railroads. What Congress sought to do was to protect the public against any extortionate charges by the railroads, but it did not protect the railroads against themselves. It was soon found that when the railroads engaged in warfare against themselves the public suffered. A destructive competition by means of rate cutting and rebate practices not only led to railroad bankruptcies, but to a favoritism of shippers, which was injurious and demoralizing to business. The discrimination was always in favor of the large shippers and against the smaller ones. The uncertainty of rates in the departure from printed schedules harmed the public as well as damaged the railroad corporations. The "community" plan checks disastrous competition. Shippers do not complain when rates are low and all treated alike.

Q. (By Mr. CLARKE.) Do you anticipate any great evils from consolidations, providing the public maintains supervision?—A. No. If pooling should be allowed under the supervision of the Interstate Commerce Commission guarding against any possible excessive rates I think no harm would come from it.

Q. (By Mr. LITCHMAN.) Would you give to the Interstate Commerce Commission the right to fix the rates?—A. Not in the first instance. I think railroad managers more competent to compute the cost of transportation and the tariff required on different classes of freight, in order to meet that cost, than any board of railroad commissioners.

Q. That would be hardly giving to them the right to fix the rates.—A. That may be, but with the rates which have been fixed by the railroads there have been no excessive dividends to stockholders.

Q. Do you not also believe that that is the wisest business management of any industrial enterprise, which is so conducted that there is no increase in the cost to the consumer and no reduction in the wages paid to labor?—A. That should be the aim of every industrial enterprise—the lowest cost to the consumer and the highest wages to the laborer. But this can not be attained except the manufacturer has a fair margin of profit. If business is done at a loss the ultimate result is higher cost to the consumer and lower wages to labor.

Q. My question led to this secondary question: There need not then necessarily be anything wrong in a great combination of capital, providing it does not rob labor on the one hand and the consumer on the other?—A. No; I think there would be no wrong in it under those conditions.

Q. There may be a large profit to the combination in the economy of methods?—A. Yes; I think that is so.

Q. And still maintain wages and not increase the price of products?—A. Yes.

Q. (By Mr. CLARKE.) Has New Bedford and has your railroad system been benefited by the transit-in-bond privilege across Canada?—A. I can say, as far as the railroad with which I am connected is concerned, that to cut off the transportation of products through Canada would seriously harm the Pere Marquette Railroad, because the Grand Trunk is one of its outlets.

Q. Does any of the cotton consumed in New Bedford come up from the valley of the Mississippi through Canada?—A. Yes.

Q. And that comes under the transit-in-bond privilege?—A. Yes; there is quite a movement of cotton from St. Louis that comes up through Toledo and Detroit. Some of it, I know, passes over the Pere Marquette road, and is delivered to the *Canadian Pacific or the Grand Trunk*.

Q. An effort was made by counsel for the American trunk lines to get the British and American joint high commission to insert an article in the treaty which they were trying to unite upon, to the effect that whenever the President of the United States should become satisfied that the Canadian trunk lines were not working in harmony with the interstate-commerce law of this country he should have the power to suspend by proclamation the transit-in-bond privilege across Canada. In your opinion, would that be a suitable remedy?—A. I think New England would be very much harmed if the Canadian lines are shut off from transportation of products from the West into New England.

Q. In other words, you would not punish the innocent for the guilty, if there were any guilt?—A. Take, for instance, the item of grain or flour. The road that I represent is carrying to-day flour from Minneapolis through Wisconsin, across Lake Michigan, across the State of Michigan, delivering it to the Grand Trunk, which takes it to Boston. That is a shorter route by 200 miles—192 miles—than it would be to bring it down by way of Chicago and send it over American lines. I think that New England would be very considerably harmed if that transportation should be stopped and everything forced on to the south side of Lake Erie. It would be a pretty drastic remedy for what might be a comparatively trifling ill.

Q. (By Mr. A. L. HARRIS.) You suggest that the railroads should be permitted to fix the rates in the first instance, subject to approval by the Interstate Commerce Commission; would that be practicable?—A. It seems to me that it might be.

Q. Then, if the Interstate Commerce Commission, after approving, should look behind that rate to see that it is enforced, would that protect the railroads from one another to some extent?—A. I think it would. As it is now there is no remedy against the vicious railroad that cuts a rate and demoralizes business and brings on a rate war.

Q. Of course, you are aware that the Interstate Commerce Commission has but little control over its own findings?—A. I know.

Q. Would you or would you not give the Interstate Commerce Commission authority to try the case, or rather compel the attendance of the railroad officers and try the case upon complaint filed for violation of the interstate-commerce law?—A. The execution of all laws depends very largely upon the character and wisdom of the people who execute them. One trouble that the railroads have had is that they have not been able to carry out any conclusion reached by themselves as to rates; and I have not supposed it possible to secure any change of the anti-pooling law as it stands to-day unless there was some provision put into the revision which would guard against possible excessive and exorbitant rates made by the railroads—that that would be a concession which the railroads would have to make in order to bring about the remedy which they seek.

Q. If the railroads were compelled to come in and make their defense before the Interstate Commerce Commission upon complaint being made, would that or would it not be more beneficial to the Commission in making their findings upon that complaint?—A. I think it would be.

Q. Do you know whether the railroads at the present time make a defense before the Interstate Commerce Commission when complaint is filed for violation of the law?—A. It is within my knowledge that they have appeared and made defense.

Q. Do they always appear?—A. I can not say. The reports by the Interstate Commerce Commission of their hearings will best answer this question.

Q. Would you give to the Interstate Commerce Commission any power to enforce its findings?—A. I think the best railroad commission that we have is that in Massachusetts. That is chiefly advisory, and it has carried out its work excellently well, to the advantage both of the railroads and the public. A complaint is made to the railroad commissioners; they examine the parties, hear both sides of the story, the grievances and reasons; then the railroad commission renders an opinion, advising what should be done, and I never have known a case where the advice has not been followed. If the judgment is that the railroad shall do so and so, it does it. If the railroad is exonerated from doing a thing, the public at the local point is satisfied. It has worked with success. Whether such would be the case with other communities I do not know, but that is the result in Massachusetts.

Q. (By Mr. CLARKE.) Let me remind you that at one time when Judge Russell was chairman of the board, the Housatonic Railroad neglected for a long time and finally refused to comply with a recommendation of the board for a revision of the rates on coal to South Lee and perhaps some other stations, and the facts were reported to the legislature which was then in session and, under a suspension of the rules, a special bill was rapidly passed authorizing the railroad commission to fix rates on that road, and that applied an effective remedy. They fixed the rates and the rates were complied with, but, of course, it was only a temporary matter?—A. Yes.

Q. Now, in case the Interstate Commerce Commission should report and make a recommendation and it should not be complied with, how can they be given power and bring about an effectual remedy? Would it be practicable for them to report the facts to Congress and have Congress pass a special act on that subject?—A. No; but they might report to a court, to a district attorney, or to a court, with their suggestions and then the complaint could take the form of a judicial inquiry.

Q. In case of a recommendation by the Interstate Commerce Commission and an appeal taken from it to the court, either directly or by the bringing of a suit in court, would you have the recommendation of the commission, supposing it to be to fix rates, go into effect while that appeal is pending, or would you have it subject to the final judgment?—A. I should have it subject to the final judgment. I do not claim to be a railroad expert. The opinion of a traffic manager, or a man, for instance, like Mr. Blanchard, who has superior qualifications and has given study to this question, would be of great value, while mine would be much less so.

Q. (By A. L. HARRIS.) Has the railroad commission in Massachusetts the power to send for persons and papers and compel their attendance?—A. I think they have that power.

Q. Do you know whether or not the Interstate Commerce Commission has power, by subpoena or otherwise, to compel the attendance of the representatives of a railroad complained against?—A. I think so; it is my impression. I do not know what form this subpoena takes. But I know on the Flint and Pere Marquette road there have been instances where complaints have been made to the Interstate Commerce Commission about shipments. The Interstate Commerce Commission has sent notices of some character to the traffic manager and other officials naming a day for a hearing. The traffic manager has gone there and met the people having the grievance. There has been a hearing, and the Interstate Commerce Commission has passed upon the controversy.

Q. Do you think it would be prudent and proper if the Interstate Commerce Commission at least should have the power to compel the attendance of the party complained against?—A. I can see no harm in that.

Q. If the finding of the commission is contested by the carrier in court would it be of sufficient importance in your opinion to require it to be advanced upon the docket?—A. I should say not. It depends somewhat upon the nature of the grievance.

(Testimony closed.)

NEW BEDFORD, MASS., February 21, 1901.

TESTIMONY OF MR. ANDREW G. PIERCE,

President New England Cotton Yarn Company, the Potamska Mills, and the Pierce Manufacturing Company.

The subcommission being in session at New Bedford, Mass., Mr. Clarke presiding, Mr. Andrew G. Pierce was introduced as a witness, at 3.51 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and address.—A. Andrew G. Pierce, New Bedford, Mass.

Q. Are you in the cotton manufacturing business?—A. I am out of business.

Q. You have been connected with it for a good while?—A. Yes; 50 years; and as Mr. Crapo says, I am president of three corporations owning six cotton mills.

Q. Which are they?—A. The New England Cotton Yarn Company is the largest; the Potamska Mills, and the Pierce Manufacturing Company.

Q. These mills are all engaged in manufacturing fine goods?—A. No; the New England Cotton Yarn Company is engaged exclusively in the manufacture of cotton yarns. The Potamska Mills have a variety from coarse to fine, and the Pierce mill is confined to fine goods.

Q. What do you consider the chief advantages of New Bedford as a cotton manufacturing city?—A. I think we have perhaps as good a class of help here as anywhere. I think that is one of our great advantages. Edward Atkinson says we are located as to atmosphere rather more favorably than almost any other portion of the country.

Q. On account of humidity?—A. Yes.

Q. Do you attach some importance to that?—A. I think there is something in it.

Q. You also use humidifiers in your mills?—A. Yes.

Q. Do you possess any advantages over interior points in the matter of transportation?—A. We who live here think we do not. We have the railroads and we have the water communication with New York. I do not know but our rates are comparatively fair.

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Q. How is your coal transported here—by rail or water?—A. Most of it by water.

Q. And your cotton?—A. Largely overland, but some of it comes by water; I should think nine-tenths of it comes overland.

Q. What does coal cost delivered at your mills?—A. It depends on what you buy. There are various prices.

Q. Speaking about the superior class of your labor, let us have a little more knowledge about that in detail; as to the character of the people, where they come from, and how they have been trained?—A. As Mr. Crapo told you, we have been largely on fine yarns for a great many years, and that, of course, has attracted labor that is accustomed to the making of these yarns. So, I think, we have gathered here employees that are perhaps better suited to handle these yarns than those engaged in some other communities.

Q. Did a good many of them come from the Lancashire district in England?—A. They come from all over Christendom. First they came largely from England, but we have them from Ireland and Canada and Germany and the Western Islands, and I do not know where we do not have them from.

Q. Is there any system of apprenticeship in your mills?—A. None. I do not know what you term apprenticeship.

Q. Particularly speaking, as far as this industry is concerned, I mean the opportunity to learn the business.

The WITNESS. Yes; we do that. I think in Wamsutta we have a great many employees that have come up in that way, from youth to manhood and womanhood.

Q. How are these people generally employed—by the piece or by the week?—A. Largely by the piece and the pound.

Q. How many mill corporations are there in the cotton business in this city?—A. I think it is 13; I am not quite sure.

Q. Can you give the relative age of these corporations?—A. I can give it to you later. Of course, I recollect that the Wamsutta was organized in 1847. These other corporations have come along from that time up. We started the Wamsutta with \$180,000 capital in 1847; we had from 10,000 to 15,000 spindles, and now our capital is \$3,000,000, with 232,000 spindles.

Q. (By Mr. LITCHMAN.) Does that growth come from the earnings of the business?—A. That money is all paid in. I think we have about \$20,000,000 capital employed in this town in this industry.

Q. Are you familiar with the rates paid here on loans and paid in the corresponding industries in England?—A. I do not think I would want to testify as to rates in England. I have an idea what they are here, but when you compare them with the other side I really am not quite sure.

Q. You understand in a general way that the rate is higher here than it is in England?—A. I have always thought so.

Q. Is that one reason why the English possess an advantage over us in manufacturing?—A. I think that enters into it, and about everything else. The cost of the structure and equipment of the mill all go to their advantage, as I understand it, as compared with us.

Q. Do you agree with Mr. Crapo as to the necessity of the continuance of the protective duties?—A. Yes; I do. I think, as he stated, that if you go to tinkering with the tariff you will produce an unsettlement in the minds of the business community and a distrust, and things will go from bad to worse as long as Congress is discussing it, until it is fixed and everyone knows what the policy of the country is to be.

Q. Supposing the duties should be repealed or very much decreased, what would be the first effect on your business?—A. Of course it would depress it.

Q. What would follow depression?—A. We should have to revise our figures here to meet competition which we should naturally expect.

Q. Would you feel obliged to reduce wages?—A. That is what I mean. That is about the only thing that we have any control over, and we do not have much over that.

Q. Are you able to give the labor cost of your product?—A. That varies. I think we consume about 150,000 bales of cotton per year, and I think we have rising 13,000 employees.

Q. (By Mr. LITCHMAN.) Has the recent very large rise in the price of cotton led to the condition spoken of by Mr. Crapo of unsettled conditions?—A. Yes; I think it has. I do not know of any other way to account for the present sluggishness in the market. The buyers and jobbers and converters of cotton goods do not propose to increase their stocks on the present cost. They will get along and supply their customers with what they have, and if they have it not, they will buy from hand to mouth. I do not expect to see any betterment in the market until we come nearer knowing as to what the next cotton crop is going to cost us, because I do not expect buyers will have the confidence to come in. I expect to see quite an unsettled state of affairs for some time.

Q. Could you state if the rise in the price of cotton affected the manufacturers in foreign countries as well as in this country?—A. I suppose it did. They have to pay the same price.

Q. Do you know whether the foreign mills were stocked up with cotton before the advance came in the price?—A. No. I do not think the foreign mills were any better fixed as to their stock of cotton than the home mills.

Q. (By Mr. CLARKE.) Does any of your cotton come in round bales?—A. I hardly think that any of it does. I never saw but one round bale here.

Q. Have you any complaint to make as to the looseness with which cotton is baled by the old method?—A. I think cotton is the most abused piece of merchandise there is. It comes here in all sorts of conditions, with bales broken, and all that sort of thing. Why it is I can not tell you, but it is the most abused species of merchandise I ever had anything to do with.

Q. That results in some stealing of cotton and some waste, does it not?—A. Yes, and increases the dirt.

Q. Is the manufacture in this city carried beyond spinning and weaving?—A. No; no finishing.

Q. Where are your goods sold, and how?—A. The bulk of the goods in New Bedford are sold direct. This does not apply to all the mills, but the bulk of the goods is sold here by their treasurers direct.

Q. Sold to converters?—A. Yes.

Q. Has that always been the case?—A. No. Wamsutta used to sell through a commission house. They have a commission house now for part of their product.

Q. You think something is saved by selling direct?—A. Certainly.

Q. Do you have to carry any larger quantities in stock by that method?—A. We do not carry so large a stock as a rule. The treasurer keeps as closely sold up as practicable. The commission house carries the goods for the market from one season to another.

Q. In good times are you able to run your mills steadily throughout the year?—A. Yes; I think the mills in New Bedford have run most of the time, except when we have had the labor troubles.

Q. How long since you have had any labor trouble?—A. Well, the last large one, when we were all in it, was in January, 1898.

Q. If you have no objection, will you state the cause of that disturbance and the duration of it?—A. There was a general reduction of wages throughout New England—I do not know but throughout the country. We seemed to have been the place selected to make a trial of the situation, and the mills were all struck and were idle, I think, some 13 weeks.

Q. All had to close down?—They closed us down; they all went out. We shut down 13 weeks, and then we started up, and went on for nearly a year on the reduction. Then wages were advanced. I think wages were advanced 10 per cent, and later on there was a voluntary advance by the manufacturers of 10 per cent. That is the schedule we are running on now. It seems to me as though wages were about 10 per cent higher than they ever were before. I think that 10 per cent was additional to anything we had paid before, but I am not quite sure.

Q. Can you state about how many operatives were out of employment during that long strike?—A. We have rising 13,000 employees in the mills here. Perhaps we may have had 12,000 at that time, and they were all out.

Q. Was there any calculation made as to how much they lost in wages during that time?—A. No; they lost the 13 weeks' pay.

Mr. CRAPO. Let me make a little correction. The yarn mills were not closed down.

The WITNESS. I think you are right. They agreed to close down, but did not. I will have to change that estimate of 12,000.

Mr. CRAPO. They lost from \$75,000 to \$80,000 a week in labor, and the loss amounted to something over \$1,000,000. The loss to labor was over \$1,000,000 during that strike.

Q. Do you know how much the treasuries of the unions were drawn upon?—A. (By witness.) No; I do not know anything as to that.

Q. Do you know how much loss or expense the city was subjected to for the support of the indigent on account of the strike?—A. No; I do not know.

Q. Nor how much the State lost in the same way?—A. No.

Q. Are you able to state the losses to the mills during that time?—A. No; I do not know. Some of us thought we did not lose very much. We had a stock of goods, and got rid of about all of them before we started up. We had that gain, but I do not think any mill can stop without loss. A mill is built to run, and the general expenses go on, and there is that loss; but they had the compensation of getting rid of quite a stock of goods during this idleness.

Q. (By Mr. LITCHMAN.) Was this idleness coincident with the idleness at Fall River?—A. I think Fall River ran. The operatives made this, as they termed it at the time, the battle ground.

Q. (By Mr. CLARKE.) Do you believe now that that reduction of wages was necessary in the proper conduct of business?—A. I certainly do.

Q. And you approve of the advance in wages that has been made since then?—A. I thought that last 10 per cent was not really called for.

Q. Do you and other manufacturers generally desire to pay as high wages as the market will enable you to pay?—A. I think manufacturers are willing to give good liberal pay to workmen that appreciate it. Of course, they strive to run the plant at a minimum cost, undoubtedly. That is business, I suppose.

Q. (By Mr. LITCHMAN.) Did this reduction of 10 per cent that led up to the strike apply to all the people employed by the mill?—A. Pretty largely, I think.

Q. Superintendents and managers?—A. I think it took in everybody.

Q. (By Mr. CLARKE.) Has there been any consolidation of the manufacturing companies here except the New England Cotton Yarn Company?—A. No.

Q. Are the securities—that is, the stock and bonds of several of the companies—held by the same people?—A. Yes; quite largely so.

Q. Is most of the capital local?—A. As far as my knowledge goes, it is.

Q. (By Mr. LITCHMAN.) Have you any objection to stating the rate of dividend in the mills?—A. I can not. I can speak of the mill with which I have been identified for a great many years. The Wamsutta for a long series of years has paid \$6 to the share.

Q. Par value of \$100?—A. Yes. There was a time during the war when we paid more.

Q. How does that compare with the dividend paid by the other mills in the city?—A. Some have not paid as much, and some have paid more.

Q. Can you give the minimum?—A. Some for some years have not paid anything.

Q. Take the last 5 years.—A. Previous to 3 years ago, I think some of the mills did not pay anything; for the last 2 or 3 years some have paid \$8 a share.

Mr. CRAPO. The average dividend rate of the Wamsutta since its foundation down to this time is between \$6 and \$7 a share.

Q. Will you kindly state the two extremes of the numbers of yarn products of the companies with which you are connected?—A. (By witness.) I should say from 6 to 200.

Q. You are brought in competition somewhat then with the manufacture of yarns of the lower grades in the South?—A. Undoubtedly.

Q. The salaries for superintendence in the North are much higher than in the South?—A. I do not know what they are in the South.

Q. Are your relations with your labor at the present time harmonious?—A. So far as I know.

Q. Are you sufficiently acquainted with labor to tell how large a portion of it is French Canadians?—A. When you ask me for percentages I can not answer; but I think we have up north (where you have been to-day), in that class of mills, quite a large percentage of French Canadians. In the southern part of the city they have a larger percentage of Portuguese.

Q. When the Wamsutta Mills were first started, 50 years ago, was the help made up of farmers' daughters?—A. No; they were English.

Q. Imported from England at that time?—A. They came from England. There were some Americans who came from Rhode Island. It had gone beyond the Lowell period when the girls came in from the farms to run the looms.

Q. Who succeeded the English help?—A. We have the English now; but this other help has come in also. These other nationalities that I speak of predominate now.

Q. Has not the French immigration been of comparatively recent date, within the last 25 years?—A. Yes, if you call that recent. I do not know that it goes back 25 years.

Q. Do you notice much migratory inclination among the French?—A. When we first began to receive these French employees they came down here and would locate and there would be a dozen or fifteen in the family. The old man would take all of the wages and when he accumulated enough to buy a farm the whole tribe went back to Canada. The family worked in the mill and the old man took all of the pay. But I think that practice has all gone; I do not see any of it.

Q. In recent years the young men have married and settled down, residing here?—A. Yes; established themselves and become citizens.

Q. Do they seem to be thrifty and frugal?—A. I think so.

Q. Have you savings banks in this city?—A. Yes; we have two. The New Bedford Institution of Savings has \$14,000,000 and the other has nearly \$6,000,000.

Q. You think that is largely composed of the savings of the operatives in the mills?—A. I could not say. Mr. Crape can tell you that better.

Mr. CRAPO. The old savings bank, the New Bedford Savings Institution, for instance, is open every day and also Saturday night. The business transacted there of Saturday evenings will run from 150 to 200 transactions. Two-thirds of them will be deposits and one-third will be drafts. These are practically entirely mill

operatives. The amounts range all the way from \$5 up to \$50 or \$75. It shows simply the habit which the operatives are getting into of making their deposits Saturday evening. Of course the other bank is also open. The Portuguese particularly are savings-bank depositors; more largely than the French Canadians.

Q. Is there the same system of mill labor that formerly existed, the whole family being employed in the mill?—A. No. I think the Frenchmen are still largely employed in the mill.

Q. To what extent do the operatives in the mill here own the homes that they live in?—A. Quite a good many own their homes.

Q. Do you notice any increase in this tendency during the last 2 or 3 years?—A. It seems to us that there is.

Q. Have you building and loan associations or cooperative banks?—A. There are cooperative banks.

Q. Are they largely used by the operatives for the purpose of getting homes?—A. That I do not know.

Q. (By Mr. CLARKE.) Do the corporations provide tenements for their operatives?—A. Some of them. Of course when the Wamsutta Mills were established, we had to provide tenements. There was no other place to go. That applied only to the older corporations. Those that have come in later do not build. There is plenty provided for them.

Q. Are the tenements near the Dartmouth Mill at the south end of the city owned by the operatives or the corporation?—A. I think they were built by real estate operators. Whether the employees have bought any of those houses is more than I know.

Q. Is the house supply sufficient for the help?—A. I think there is an over-supply. I guess those that own the buildings think so.

Q. Rents are reasonable?—A. I think so.

Q. The city of New Bedford is well drained?—A. I think so. I believe, though, that they have some scheme of an intercepting sewer or something after they get through with their other expenditures; but I think New Bedford is very well sewered.

Q. Are those tenements provided with running water as a general thing?—A. Yes; with water and sewerage and toilet and all that sort of thing in the houses, as far as my knowledge goes.

Q. Is there gas or electric lighting in the workmen's quarters of the city?—A. Yes; throughout the town.

Q. Is the public-school system of New Bedford of a high standard?—A. I think it is so considered.

Q. The children of the operatives are educated in the schools?—A. Yes.

Q. Are there any evening schools?—A. Yes.

Q. Are they patronized by operatives in the mills?—A. I think so.

Q. Have you any recommendations to make as to either State or national legislation for the improvement of business?—A. I think they had better let us get along as we are. I do not think I have any recommendations to suggest. If you can make a national labor law and incorporate under national laws we would like it better, so our competition would be more nearly uniform. They are quite restrictive, you know, in Massachusetts. Now, if Congress can adopt the Massachusetts labor laws we shall be all on the same plane, and we should like that. All would be running 58 hours, and everything would be on the same basis.

Q. If there could be substantial equality in that respect you would not be so particular as to the number of hours?—A. I think that is the feeling.

(Testimony closed.)

NEW BEDFORD, MASS., February 21, 1901.

TESTIMONY OF MR. JOSEPH F. KNOWLES,

Treasurer of the Acushnet Mill and the Hathaway Manufacturing Company.

The subcommission being in session at New Bedford, Mr. Clarke presiding, Mr. Joseph F. Knowles was introduced as a witness at 4.35 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, post-office address, and occupation.—A. Joseph F. Knowles, New Bedford, Mass. I am treasurer of the Acushnet Mill and the Hathaway Manufacturing Company (two separate corporations), and am on the executive committee of the New England Cotton Yarn Company.

Q. You are the practical manager of that company?—A. Hardly that. I am chairman of the committee, but not the practical manager.

Q. When was the New England Cotton Yarn Company formed?—A. My connection with the New England Cotton Yarn Company commenced after its formation.

My relation with it commenced in July, 1899. It was just formed; but I had nothing to do with the formation of it.

Q. Is that a consolidation of several mills?—A. It is a consolidation of nine corporations.

Q. What are their names?—A. The Bennett Spinning Company, the Howland Mill, the Rotch, the New Bedford Spinning Company, in New Bedford. In Fall River there are the Globe and the Sandford Spinning Company, and in Taunton the Cohanet and the Nemasket and the North Dighton. Those are all in the vicinity of New Bedford, within 20 miles.

Q. You manufacture yarns exclusively?—A. Yes.

Q. How was the company formed, as far as capitalization was concerned?—A. That was all before my time, and I really can not tell you anything about it. I took it as I found it. It is capitalized higher than the combined capitalization of the original mills; but they were undercapitalized, as almost every cotton mill is.

Q. Are they all in operation at the present time?—A. The North Dighton has been closed—dismantled.

Q. Was that because of any defect in it, or because you did not need the product?—A. It was a small concern that could not be economically run.

Q. Have you been able to effect economies in operation by this consolidation?—A. I should say the main economies were in manufacture. I do not think the administration is materially different, though the concern is administered perhaps 20 per cent more cheaply now than the cost of administering the separate concerns. In the cost of manufacture we are all in this section tied to one schedule, and the only chance for any great lowering of cost would be in the increased product. We think we are able to manufacture cheaper than the single mills were; we know we are.

Q. Do you produce a variety of numbers of yarns in each mill, or do you run each mill on a particular number?—A. That would, perhaps, be where the main chance to economize would come. The effort would be, and is, to run each mill somewhat on a class of work by itself and not mix the whole up in one mill.

Q. Do you think the consolidated company is able to buy its supplies at any greater advantage than the different companies did?—A. I think it is able to buy supplies better than the individual mills did, but I do not know as it is able to buy any cheaper than a good-sized mill, well conducted, would be able to do. I do not think the size would give any advantage.

Q. Are there any advantages in the marketing of your product?—A. Formerly in the individual concerns the product was marketed through commission houses and in a variety of ways. Some would tie entirely to commission houses, and all their product went through the commission houses. Some used commission houses and sold what they could in other ways besides. The New England Cotton Yarn Company has instituted the sale of its entire product by its own salesmen.

Q. Were those separate concerns competitive?—A. Yes.

Q. Has the consolidation resulted in any increase in price to the consumers?—A. I should say not.

Q. If there has been an increase at any time to what has it been due?—A. It has been due entirely to the increased cost, the high price of cotton, the high price of labor, and to the generally high prices of all supplies.

Q. Have you increased the wages of labor in the several mills of the New England Cotton Yarn Company?—A. They have been increased. I think it was a year ago last December that there was a 10 per cent increase.

Q. Do most of the operatives work by the piece or by the week?—A. I should say the majority of them would be on the piece, but there are a good many in the yarn business that are paid by the day through necessity. As a rule there is a schedule, and as far as possible it is by the piece or pound.

Q. With what mills in this country do you have to compete chiefly?—A. We feel as though we competed with everybody.

Q. Have you felt increasing competition from the Southern States?—A. I am too new in the work to answer that question. The competition is considerable from the Southern States.

Q. (By Mr. CLARKE.) How are their yarns sold—through commission houses?—A. I think mainly through commission houses.

Q. You sell directly from the mills?—A. We sell directly to our customers, not through a commission house.

Q. Is there a tendency among manufacturing companies which have large weaving facilities to go out of yarn production, or do they increase their facilities for producing yarn?—A. I think the experience would be that the mills with weaving facilities have probably increased their yarn machinery; not that they run it steadily, but they run it whenever it will pay them better than weaving.

Q. Are most of the yarns which you produce consumed here in New England?—A. Oh, no; they go all over the country.

Q. Is your principal market for them in New England, do you think?—A. Oh, no; not a bit.

Q. You have agencies in the several cotton manufacturing cities?—A. We have but 4 main agencies. They are in Boston, New York City, Albany, and Philadelphia.

Q. Those are agencies maintained by the company?—A. Yes.

Q. And through those agencies are most of your goods marketed?—A. All of them.

Q. (By Mr. LITCHMAN.) Are you familiar with the rates of dividends paid by the companies of New Bedford?—A. I do not believe I should want to give them; no. I should not feel that I could give them without looking them up.

Q. (Showing witness a paper, see exhibit.) I have before me a statement issued by William C. Hawes, banker and broker of New Bedford, Mass. It purports to give the dividends for 1898 and 1899. Will you kindly look at that and see if that is correct or not, so far as you know?—A. As to some of these I could not say, but I should say that is probably correct.

Q. The dividends, of course, for 1900 were in excess of those of the previous 2 or 3 years, so far as you know?—A. Oh, yes; they must have been.

Q. Due to the increased prosperity of the mills?—A. Yes.

Q. I have seen a statement that the dividends for the year of all the mills averaged a little over 9 per cent; do you think that would be a fair estimate?—A. I think dividends as given in that way are always misleading. Take the Acushnet Mills dividend; it probably is not a 4 per cent dividend on the actual investment, but it reads in that paper 16 and 20 per cent.

Q. Explain how that is, please; that point should be brought out.—A. I only mention that now in connection with that paper, as I think a statement of that kind of dividends is entirely misleading and does not represent the fact at all. It does not represent the condition of the business at all; that is, I simply speak of the Acushnet Mill as being one that is put down as paying the largest dividend. It only pays on a capital of a half million dollars, and its property, of course, is worth a number of times that amount.

Q. That property has been built up out of the earnings?—A. It has always paid a moderate dividend on the investment; out of the earnings, yes.

Q. (By Mr. CLARKE.) The stock is at a premium, is it not?—A. Yes.

Q. (By Mr. LITCHMAN.) The stock of the Acushnet is stated to be at a premium of 323. I think it is marked 323 on a par value of 100?—A. Somewhere about that figure, yes.

Q. So that a fair estimate of the dividends of that mill would be on a valuation of something like \$1,800,000 instead of a capitalization \$500,000?—A. That would be a good deal fairer, yes. And the same thing applies in a number of other cases. I can speak also of the Hathaway Company, knowing that it applies there.

Q. Do you know any case where a stock dividend has been given by any of the mills or an equivalent of it?

Mr. PIERCE. No; they paid in money.

Q. Was not there a dividend declared of \$500 a share?

Mr. PIERCE. I was a stockholder there and I tried to think what I did. I paid in a lot of money, I know, and then they paid me back the money.

Q. I simply want a fair statement.—A. (By the witness.) That is a similar case. It was a dividend paid them. It had been the earnings of years back. That is, in a good time they paid a moderate rate of dividend on the investment, a very moderate rate probably on the investment. It did not average more than 4 or 5 per cent on the real value of the property.

Q. I will state why I ask these questions. It has been repeatedly stated in labor circles that the dividends of the mill corporations of New England were enormous, and at the same time a fair recompense was denied. Now, I think it is fair to put this information on record and have you qualify it by the statement which you make that this is the accumulation of past earnings and prudent management, and that the regular earnings and dividends are not excessive. Is that a fair statement of the case?—A. That would be a fair statement.

Mr. CRAPO. Let me add just a remark. Beginning with the construction of one of these mills it would start with a debt. Now, the capital stock does not fully pay the construction account by several hundred thousand dollars. For instance, a mill may cost equipped, we will say, \$1,000,000. The capital stock is \$600,000 or \$500,000. They start with that debt. Now, they go on, and the machinery is going, and they are in business, and really doing a profitable or fairly profitable business. The dividends maybe are low, because they are ambitious to pay off that debt.

Mr. PIERCE. The first year, Mr. Crafo, we did not pay any debt.

Mr. CRAPO. For a year or more than a year there is no money at all.

Mr. PIERCE. Oh, more than a year.

Mr. CRAPO. There is little dividend, because they are trying to pay the debt, but the policy here in New Bedford has been, instead of having that a permanent debt, a bonded debt, to relieve themselves as fast as they can by taking their profits and paying but small dividends. When that is accomplished, the dividend is larger, but it represents for capital, instead of \$500,000, \$1,000,000. (See Exhibit A, at end of testimony.)

Mr. LITCHMAN. You accept that as a part of your statement do you, Mr. Knowles?

The WITNESS. Yes.

Q. (By Mr. CLARKE.) Have you experienced any difficulties in the working of these several mills under consolidated management?—A. We found a good many obstacles that had to be surmounted—some that we have not surmounted.

Q. As a whole?—A. There is nothing about it but what we shall be able to do. The yarn business is a business of detail much more so than the cloth business.

Q. As a whole you think it is a success and that consolidation is justified?—A. I think the mills can be handled together to better advantage than separately.

Q. You think it will be to the advantage of the stockholders and of the consumers and of the operatives?—A. I should not suppose it would have very much effect on the operatives. The mills are situated in centers where the rate of wages will be fixed by the whole and not by any one concern. I do not see why it should make any material difference to the operatives. I think as a combination they will be able to supply yarns with their present facilities for selling cheaper than they could ever under the old arrangement.

Q. Are your mills large consumers of coal as well as cotton?—A. The yarn mills have a certain number of spindles and they do not run as heavy a load as cloth mills. The cloth mills are larger users of coal in New Bedford than the yarn mills.

Q. What do you have to pay for soft coal in New Bedford at the present time?—A. I think they ask for Pocahontas coal—perhaps that is a fair sample—about \$3.85 delivered at the mill fire room.

Q. Does it come by vessel?—A. It comes by water entirely.

Q. From where?—A. Norfolk.

Q. (By Mr. A. L. HARRIS.) Is that screened coal?—A. Oh, no. It is probably run of mine coal—bituminous coal. It is all fine soft coal.

Q. (By Mr. CLARKE.) Do you have water transportation to each of your mills in your company besides the New Bedford mills?—A. There is water transportation, of course, to Fall River; there is water transportation to Taunton, but not, I think, for very large vessels.

Q. Do you have to pay more for coal in Taunton than in New Bedford?—A. Yes; we pay more for coal in Taunton than in New Bedford.

Q. The price of cotton at each is about the same?—A. Just the same.

Q. Have you any complaints to make or suggestions to offer in regard to the transportation by rail or by water?—A. There is nothing that I have to say on that point; no.

Q. Is most of the machinery in your yarn mills of American make?—A. I should say a large proportion of it is English machinery.

Q. Was that put in because at the time the American machinery was not sufficiently protected, or was it obtained because it was either better or cheaper?—A. It was considered better at the time it was put in. It probably was not as cheap.

Q. Are you able now to get satisfactory American machinery of nearly all kinds?—A. A large part of the machinery that would have been imported by nearly everyone at the time these mills were built is now made very materially better in this country, and probably a good deal of it that is now English machinery if it were to be put in to-day would be American machinery.

Q. Do you know of any combination among the makers of cotton machinery in this country?—A. I think there is an understanding.

Q. Have they advanced prices of recent years?—A. I think prices have been advanced. I can not say whether it is within a year, but not much farther back than that at any rate. I can not give you the exact time, but there has been an advance some time in the last 2 years.

Q. Are you able to state how large a percentage that advance represents?—A. No; I could not give you that.

Q. Do you know whether or not it was necessitated by any increased cost of production?—A. I should think it was to some extent, because there was an increased cost of iron.

Q. Do you feel that you would be advantaged in the long run to have the duties on cotton machinery either reduced or repealed?—A. I doubt if we should. I should say we would be better off to be protected on our own product, even if it made the first cost of our mills a trifle higher.

Q. (By Mr. LITCHMAN.) That would enable the manufacturers of machinery to pay higher wages to their labor, would it not?—A. I should suppose it might.

Q. If the tariff on machinery was reduced, it would naturally affect the labor employed in the production of machines, would it not?—A. I should think it must have that effect; yes.

Q. And, of course, they are consumers of the product of your mills?—A. I hardly think we should feel that; but then they are, of course, in a measure.

Q. Would you not feel it if that general policy of tariff reduction was applied to all the mechanics in the United States?—A. If it was applied to everyone, we certainly should.

Q. (By Mr. CLARKE.) When you believe that by the repeal or reduction of duties on cotton machinery you could get the machinery at somewhat lower cost, is that object to you important enough to lead you to desire to take the hazard of the general depression of business incident to tariff reduction?—A. Oh, I think, as far as I see it, we are better off to have the tariff left alone.

Q. Do you regard that and the steadiness resulting from it as an important element of prosperity in business?—A. I do.

Q. (By Mr. A. L. HARRIS.) Have you been able to run steadily ever since you reorganized?—A. We are not running full to-day. We ran full up to quite recently.

Q. Previous to the organization, were the constituent mills that went into the organization able to run steadily?—A. I do not think they were. We found a good many spindles stopped at the time the mills went into the combination.

Q. When the spindles stopped did the labor have to stop also?—A. The labor had to stop also.

Q. Does the percentage that you mentioned a moment ago of increase include all the advantage that the mill hands have in the present conditions?—A. There was an advance of 10 per cent in the rate of wages.

Q. What I wanted to get at was whether steady employment comes in as an assistant in the course of the year?—A. I think that in the last year labor has received materially more than that 10 per cent increase over what it received before the mills went together, say the last 4 years before they went together. That is, the New England Cotton Yarn Company has run the mills much fuller than the individual companies ran them.

Q. (By Mr. LITCHMAN.) So that the labor has had an actual increase in the rate of wages?—A. About 15 per cent more is paid out in wages than there was in all the individual concerns combined.

Q. They have had an increase in the rate of wages and in the number of days' work in the year?—A. Yes; that is, more help has been employed.

Q. (By Mr. A. L. HARRIS.) If there had been no increase would the operatives have had more in the course of the year?—A. If there had been more employed, of course they would have got more.

Q. By "more employed" you mean the larger number of days?—A. Yes.

Q. So that 10 or 15 per cent increase does not always mean the entire advantage that the operatives get?—A. I do not think that; no. You mean increased product?

Q. I mean the amount of money that the operative gets at the end of the year. By steady work he gets more money, of course, than he does if he is only working part of the time.—A. Well, if the mill is running part of the time there is a part of the labor that goes on at the same rate nearly as though it was running; I do not mean the mill running part of the time, but part of the mill running all of the time. There is quite an element of labor that would be the same whether the mill was running half full or full, so that the pay roll would not be increased in proportion quite, perhaps, as the product was increased. But if you put it the other way it is not decreased quite so much when we run half time; the pay roll is not decreased quite so much as the product is decreased.

Q. (By Mr. LITCHMAN.) You have certain fixed charges running on whether the mill runs or not?—A. Yes; in the labor.

Q. But the bulk of the labor employed in the mill, of course, is better off if the mill runs full time?—A. Oh, very much better off.

Q. So that it is true, as a general proposition, that to the labor by the running of the mill on full time there is an advantage aside from the increase in the rate paid in wages?—A. Oh, yes; unquestionably.

(Testimony closed.)

EXHIBIT.

New Bedford manufacturing statistics for 1900.

[Compiled by William C. Hawes, banker and broker, New Bedford, Mass.]

	Par.	Capital.	No spindles.	Dividends—amount and when paid.	Total.		Quotations Dec. 27, 1900.				
					1900.	1899.	High.	Low.	Bid.	Ask.	Sale.
COTTON STOCKS.											
Acushnet Mills	100	\$500,000	105,000	Mar. 4; Apr. 4; June 4; Sept. 4; Dec. 4	20	16	No sales.		320	95	95
Beaumont Mills	100	50,000	50,000	Feb. 1; May 1; Aug. 1; Nov. 1	64	44	100	93	114	115	118
City Mfg. Co.	100	750,000	65,000	Feb. 2; June 2; Sept. 2; Dec. 2	8	64	125	114	140	145	140
Dartmouth Mfg. Co.	100	600,000	105,000	Mar. 2; June 2; Sept. 2; Dec. 2	10	44	140	125	140	145	140
Grimmell Mfg. Co.	100	\$1,000,000	105,000	Mar. 2; June 2; Sept. 2; Dec. 2	10	10	213	125	140	140	140
Hathaway Mfg. Co.	100	800,000	102,000	Mar. 2; June 2; Sept. 2; Dec. 2	124	10	No sales.		150	99	99
New England Cotton Yarn	100	425,000	425,000	Mar. 2; June 2; Sept. 2; Dec. 2	8	7	145	145	150	145	145
Pedernault Mills	100	410,000	110,000	Jan. 1; Apr. 1; July 1; Oct. 1	6	5	97	90	104	103	97
Pequot Mills	100	1,200,000	106,000	Jan. 1; Apr. 1; July 1; Sept. 1; Dec. 1	6	6	1074	104	1063	107	107
Wanskett Mills	100	3,000,000	222,000	Mar. 1; June 1; Sept. 1; Dec. 1	7	6	115	109	113	113	113
Whitman Mills	100	550,000	65,000	Feb. 1; May 1; Aug. 1; Nov. 1	7	6	115	109	113	113	113
MISCELLANEOUS STOCKS.											
Automatic Telephone Co. *	50	61,000			0	0	No sales.				98
Cornell Stocking Co.	100	28,000			0	0	100	98			
Lambeth Rope Co.	100	50,000			0	0	No sales.				
Morse Twine Drill and M. Co.	50	60,000		Jan. 2; Apr. 2; July 2; Oct. 2	8	8	184	177	178		180
New Bedford Gas and Edison Light Co.	100	225,000		Jan. 1; Apr. 1; July 1; Oct. 1	64	7	154	137	138		132
New Bedford Gas and Edison Light Co.	100	1050,000		Jan. 1; Apr. 1; July 1; Oct. 1	64	7	150	128	130		130
New Bedford M. V. and N. Steamboat Co.	100	141,700		Mar. 6	6	0	72	70		73	72
New Bedford Theatre Co.	100	100,000		Jan. 1; July 1	2	0	No sales.				
New Bedford Copper Co. 11	100	250,000		Jan. 3	3	0	120				
PeaPoint Mfg. Co.	100	\$300,000			3	0	No sales.				
Taunton and New Bedford Copper Co. *	100	600,000		Dec. 3	3	0	102	90	101	102	102
STREET RAILWAY STOCKS.											
Dartmouth and Westport St. R'way	100	150,000		Jan. 2; Apr. 2; July 2; Oct. 2	8	8	171	165	170		
Union St. R'way	100	100,000		Feb. 2; May 2; Aug. 2; Nov. 2	8	8	180	165	168		
New Bedford and Onset St. R'way	100	200,000			0	0	No sales.				
Total		23,445,700	1,379,000								

Total dividends paid in—		
1890.....	\$1,305,402	
1896.....	1,010,125	
Increase	295,277	

Number of splinters in—		
1900.....	1,379,000	
1896.....	1,244,400	
Increase in 4 years.....	134,600	

'On \$5,000,000 preferred stock.

- " 1½ per cent regular and 1 per cent extra.
- " Organized in 1900
- " Capital increased from \$550,000 to \$650,000.
- " Consolidated with the Rarere Copper Co., and the Taumton Copper Co.
- " Capital decreased from \$1,000,000 to \$300,000.
- " Capital increased from \$450,000 to \$600,000.

NEW BEDFORD, MASS., February 21, 1901.

TESTIMONY OF PROF. CHRISTOPHER PARKINSON BROOKS,*Director of the New Bedford Textile School.*

The subcommission being in session in the Masonic Building, Mr. Clarke presiding, at 5.15 p. m. Prof. Christopher Parkinson Brooks, of New Bedford, Mass., managing director of the New Bedford Textile School, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Christopher Parkinson Brooks, New Bedford, Mass.

Q. What is your occupation?—A. I am managing director of the New Bedford Textile School and the proprietor of the American Correspondence School of Textiles.

Q. When was the New Bedford School of Textiles established?—A. The building was erected in 1899 and opened on October 14 of that year.

Q. Will you please state the financial basis?—A. The land was purchased and the building erected out of an appropriation of \$25,000 by the Commonwealth and of \$25,000 by the city of New Bedford.

Q. How has it been equipped?—A. Largely by donations from manufacturers of machinery, almost \$20,000 worth of machinery having been given.

Q. Please proceed in your own way to tell us about this and about the patronage of it, &c.—A. There are already in your records, in connection with the hearing you held in Lowell in July, 1899, some particulars regarding textile education in this country as compared with that abroad which I then gave, and I will now add to them by stating that at that time the New Bedford Textile School was in course of erection; since then it has been opened, provision having been first made for about 80 students. The first year we had almost 300 students, and the second year, which is the current year, we have had an enrollment of 301 students. The course of instruction includes all branches of the manufacture of cotton cloth from the raw material to the fabric, including designing, mechanical drawing, engineering and other subjects allied to it. The students are of two classes, day students and evening students. The day students are from all parts of the United States, Indiana, Maine, Texas, North and South Carolina, Rhode Island, and other States, with, of course, a large number of local students. The evening students are almost entirely residents of New Bedford, with a few from Fall River, Taunton, and neighboring places, and a very large proportion of them—probably 90 per cent—are workers in the mills. Altogether they represent some 50 different occupations according to the schedules that we have.

Q. Do the older mill operatives come in?—A. Yes; the ages vary from 14 to 50 years of age. The courses of instruction are so arranged that they have the opportunity of selecting from some 15 different subjects, and thus of perfecting themselves in one particular branch of the work, or learning other branches so that they can hold more responsible positions. We find that the interest taken by the students is very great. The interest taken by the manufacturers in the school is also great. Our board of directors is composed of representatives from all the mills in the city, and the mills have helped the schools very largely by the contribution of material and equipment as well as by the personal attention that the mill officials have given by devoting valuable time to the work of the school.

Q. Do the resident students pay tuition?—A. Yes; the tuition is \$100 a year for residents of Massachusetts and \$150 a year for students outside the State.

Mr. CRAPO. That is arranged by statute.

The WITNESS. That is in accordance with the statute of the Commonwealth in making the appropriation.

Q. (By Mr. CLARKE.) The same is true in the Lowell Textile School?—A. The same statute applies to the Lowell Textile School. There is a difference, however, in the case of evening students. The tuition is practically free, a nominal charge of \$5 being made per year.

Q. Do you have any other sources of revenue except the money paid for tuition?—A. Since the original appropriations we have had one appropriation of \$18,000 from the Commonwealth and another of \$7,000 from the city, which was made last year, and we expect that an appropriation of the same amount will be made this year. In fact, it has already been made by the city this year, and it is the hope that this will be the annual appropriation for some years. I may say that this is somewhat in excess of the cost of running the school, but the trustees have practically decided that some time in the future it will be necessary to considerably extend the school. A portion of the funds have already been invested in land and buildings in proximity to the school, and it is the intention ultimately to erect other school buildings thereon in order to provide for several additional departments which it is necessary to give instruction in.

I think the influence of the school on the community ought to have the consideration of this commission; that is, the fact of young men from the mills being able to go into the school and perfect themselves in manufacturing and to learn the different branches of the business. The fact has been referred to by previous witnesses that New Bedford is now making fine and fancy goods made some years ago abroad and still to a large extent imported. This is not only true of woven goods, but there are also many kinds of cotton fabrics, such as laces, embroideries, hosiery, etc., imported into this country to the value of about \$40,000,000 per annum that might just as well be made here if the help was trained to make them; and it is in the minds of some of the members of the textile school corporation to gradually add departments in the school by which we shall be enabled to train the people to the manufacture of goods of this character as well as the purely woven fabrics. I think it is a fact that a number of overseers, superintendents, and second and third hands in the New Bedford mills are men of foreign birth. A number of them are men who have been trained in foreign textile schools, and by the establishment of this school in New Bedford the manufacturers will be ultimately rendered independent of designers, overseers, and superintendents from abroad and enabled to get skilled help and skilled foremen close at hand.

Q. Do you teach any class of your pupils anything but the technique of manufacture; that is to say, if they come in without sufficient preparation or preliminary education, do you take up elementary branches at all?—A. Yes; in the evening especially we have classes in which we start the men in elementary arithmetic and gradually work them up to what we call our mill arithmetic, teaching them arithmetic as applied to the mill business. The same is true of drawing and a few other subjects. In the day classes candidates have to pass an examination equivalent to what they would have to pass on entering high schools, and ultimately we will make the requirements a little more stringent.

Q. Do both sexes come in?—A. Yes; we have both sexes; the pupils are almost entirely male. I do not think we have more than 10 female pupils, and they are in the drawing classes.

Q. If my memory serves me correctly, in your former testimony you gave some statement of your observations of technical education particularly pertaining to textiles in Europe. If so, I will not ask you to go into that now; but I will inquire how the equipment of your New Bedford school compares with that of other textile schools with which you are acquainted?—A. I have visited most of the leading European schools and I will say that in my opinion, either in America or abroad, there is no school that has as satisfactory and thorough an equipment as the New Bedford school as regards the teaching in cotton fabrics. In fact we got a gold medal at the Paris Exposition. I sent photographs and a statement of the equipment of the school, and that caused us to get a gold medal.

Q. Is it your belief that on account of the high character of the product of the New Bedford mills this is an ideal place for a textile school?—A. Yes; certainly. I think that is one reason why we have so many students come from other States. The environment and reputation of the New Bedford mills are an additional attraction to them.

Q. Is the salubrious climate and the delightful situation and the high social character of the New Bedford people also something of an attraction?—A. It has been quite an attraction to me. I like it about as well as any place I ever lived in, and I suppose it must have the same effect on other people. But the humidity, which is beneficial for cotton spinning, is not always advantageous to the human being. I would like to add, in order to emphasize what I said in Lowell with regard to the necessity for increased facilities for industrial education generally, not merely in textiles but industrial education generally in this country, what has been done for textiles in Philadelphia and Lowell and New Bedford and Mississippi and Atlanta and South Carolina might just as well be done for a great many other industries. The iron and steel making industries, boot and shoe manufactures, and building trades, and a great many other businesses would be just as much benefited by a system of industrial education as the textile industry has been benefited and will be benefited. That is something that I would like to bring to the attention of this commission for the purpose of investigation.

Q. (By Mr. LITCHMAN.) How far do you think the large industrial combinations will compel such a course in the immediate future by the demand for technical skill to manage them?—A. I think that the formation of the combinations will call for increased skill. As I understand it, the organization of such concerns has divided the work up into departments, and placed responsible men in charge of these departments, and they will find the necessity for an increased supply of skilled, competent men for those positions. If they do not organize technical schools themselves for the benefit of their own employees, as has been done abroad in some cases, I think that the States or the National Government will feel compelled to establish them.

Q. Will there be a tendency to increase the demand for specialists in different lines?—A. I certainly think so.

Q. And you think that technical education will tend to supply that demand?—A. Yes.

Q. (By Mr. CLARKE.) Is it your opinion as a practical educator that the curriculum of the public schools might be modified to advantage?—A. I think that the curriculum of the public schools in some cases might be modified so as to make it better adapted to local needs. I do not think that subject has the attention of school committees that it ought to have. The tendency is to adopt a stereotyped course throughout the State without regard to local industries. I think that the system certainly might be improved in that direction.

Q. Several witnesses from the South have recently testified that they feel that the education received in the public schools there is largely a failure because it leaves out almost everything that farmers and planters need to know about.—A. I have noticed that myself. I lived South for a while, and I noticed that the educational system was very incomplete there.

Q. Would you modify the curriculum in Massachusetts somewhat according to the industries of the people?—A. Yes.

Q. Changing it somewhat in different localities?—A. Yes; more especially in the art and science departments of the high schools and the more advanced schools. I would teach those arts or those sciences that had some bearing on the leading industries of the district. In the textile district I would cultivate education in designing and textile designing—I do not mean structural designing, but the artistic sign designing—and in a district devoted to the manufacture of chemical products I would increase the facilities for studying chemistry, etc.

Q. (By Mr. LITCHMAN.) How far would you apply manual training or technical education to the curriculum of the public schools?—A. I am not a great believer in manual training. I do not believe it is specific enough or definite enough in its object.

Q. Would not that be a preliminary education to schools like that over which you preside?—A. Yes; I find that has been. We have students who have been through manual training schools, and we find that they are somewhat better prepared to receive our instruction than they otherwise would be, but not sufficiently so to warrant their having to spend perhaps 2 years in a manual training school.

Q. Is that due to a faulty system rather than to the desirability of the instruction?—A. No; I think it is to some extent a waste of time. I think the time would be better spent in the high school in studying arts and sciences.

Q. But your system commences after the high school is gone through, does it not?—A. No; we accept students whether they have gone through the high school or not, but we prefer that they shall have gone through the high school.

Q. Do you think that the public school education with the modifications you have suggested is the better preparation if the student has gone through the high school? Is that your position?—A. Yes.

Q. And you can turn out a higher type of skill under your system?—A. Yes; we find that the further advanced the students are in skill or education the better material we make of them. In fact, we have a few Massachusetts men who are taking the course, and they make the best of them all because they have the best training.

Q. Do you think that the average family in Massachusetts, dependent on the labor of children, could afford to have a child remain in school much after the age of 17 years?—A. No; I do not suppose so, but I think that systems of free scholarships might be established by the communities or by the Commonwealth to enable the more suitable children to be taken into these schools without paying fees.

Q. Then you would make it a sort of law of natural selection?—A. Yes. There are certain children you can not make anything out of.

Q. You think it is wrong, then, to spoil a good mechanic to make a poor lawyer, or doctor, or minister?—A. Yes.

(Testimony closed.)

Whereupon, at 5.40 p. m., the special subcommission adjourned to meet Friday morning, February 22, 1901, in Fall River, Mass.

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. SIMEON B. CHASE,

Treasurer of King Philip and Osborn mills.

The subcommittee met at the Mellen House at 10.50 a. m., Mr. Clarke presiding. At that time Mr. Simeon B. Chase, of Fall River, Mass., was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and business address.—A. Simeon B. Chase, Fall River.

Q. Please state with what corporation you are connected and in what capacity.—
A. I am treasurer of the King Phillip mills, and also now of the Osborn mills.

Q. We shall be pleased to have you proceed in your own way to give a succinct account of the beginning and development of cotton manufacturing in Fall River.—

A. I think you'd better get that from some other witness older than I, if you can get one, because my experience does not go back very far, and I never have dealt much in the early history of things, only in a very general way. I might make a good many mistakes.

Q. Has the business undergone a large development in the last 20 years?—A. In 20 years, yes; quite large, I should say.

Q. Has it been subject to waves of depression?—A. Oh, yes.

Q. What are the principal causes of the depressions that come, occasionally?—A. In the first place, I should say our industry is affected by the general condition of the country when the consumption temporarily decreases; also by the tendency in times of profitable business to overdo the business, to increase too rapidly. Those, I should say, were the principal causes that are apparent to anyone.

Q. Is there a considerable variety of cotton goods produced here?—A. There is.

Q. What is the leading kind?—A. What is known as print cloths is the leading product; always has been.

Q. Those are goods of a substantially uniform character?—A. Yes.

Q. And do they vary in weight and fineness?—A. No. What is called regular print cloth is a stable thing and never has changed to any material degree for a great many years—28-inch goods counting 64 picks each way and 7 yards to the pound. Of course there are many fabrics that are used for the same purposes which are designated here, for want of a better name, as "odd goods"—that is, odd from the fact that they vary in construction from the regular print cloths that enter into the same thing, and they enter into the printing and are very largely produced. Those vary according to the whims of the buyers from time to time.

Q. Is Fall River the leading print cloth manufacturing center in the country?—A. Yes; I believe it is.

Q. Has the development of cotton manufacturing in the South caused competition with the Fall River mills to increase particularly?—A. To a considerable extent; yes.

Q. Are the goods which you produce marketed wholly in this country?—A. No; I do not think they are. There are some goods made here that are exported from time to time, but the per centage is small.

Q. Are print cloths exported from here?—A. I would not say that the regular print cloth has been exported to any extent, but yet I think some have been. I do not mean exported in the condition that they leave the market here, but after they have been finished.

Q. Are there any converters in Fall River taking print cloths and other cloths and printing them?—A. Yes.

Q. Is that a large industry here?—A. Quite large, quite. Most of the product is printed here.

Q. Is the business growing?—A. I do not know that I could answer that question; I really do not know. I should think the tendency is to grow. It is not growing in the way of organizing new enterprises, but the old enterprises engaged in that business increase their output somewhat from time to time. That is a surmise on my part; I have no actual knowledge.

Q. Where and how do your print cloth mills sell their product?—A. The bulk of it is sold to the converters in various parts of the country, usually through brokers.

Q. Through brokers in Fall River or brokers in other cities?—A. Both.

Q. Do you maintain storage houses in New York or Boston?—A. No; the goods are stored here until they are sold.

Q. Is there any recent tendency toward doing away with commission houses in this kind of business?—A. No; I think not.

Q. The mills largely depend upon them, do they not, for finding a market?—A. I will not say that they depend upon commission houses; we distinguish between the commission house and the broker.

Q. I wish you would explain the method of trade, because it is not understood by the outside public.—A. A commission house is a house organized to distribute goods to the trade in the finished state, to jobbers and retailers, and many corporations consign their goods to commission houses—not many here, but many do throughout the country, especially those corporations which own their own finishing works. They finish their own goods and consign them to a commission house, and there they are sold and distributed to the general trade. Some simply manufacture goods in the gray—that is, in the unfinished state just as they come from the mills. Those goods are usually sold by the broker at a very much smaller rate of commission than is paid to the commission house. He gets the brokerage. All he does is to effect a sale and give a sale note contract to the seller and to the purchaser. He is transacting the sale.

Q. His transactions, then, are chiefly between the manufacturers and the converters?—A. Yes.

Q. The converter is a manufacturer, only of a different grade?—A. Yes; one step further on.

Q. Are the natural conditions for producing these classes of goods favorable and, perhaps, rather superior in Fall River?—A. I think Fall River is very well situated for manufacturing purposes.

Q. What do you consider the chief advantages?—A. It is nearest to markets, New York, for instance, and it has water communication. I do not know that there is anything else, unless something may be said for climate. But I think that is trivial. There are those who lay some stress on the fact that the atmosphere is moist, and moist atmosphere is advantageous to manufacturing cotton, as everybody knows, but that is artificially supplied by the mills here.

Q. Are humidifiers used in all the mills?—A. Not in all, but I think that in most all weaving departments a humidifier of some sort is used.

Q. How does your cotton come, by rail or by boat?—A. Both; the larger part, I think, by rail.

Q. How does your coal come?—A. It comes by boat. It usually comes by barges and tows.

Q. What does it cost delivered at your mills?—A. At this time bituminous coal costs around \$4 a ton delivered in the mill dock, as we call it.

Q. Do you use hard coal or soft coal?—A. Soft—bituminous coal.

Q. I think a witness in New Bedford testified that it cost \$3.85 there. It would naturally come as cheaply here, would it not?—A. Of course, we can buy coal at \$3.85, and possibly less, but I was speaking of the best grades; and when I said "around \$4" I said just that because I do not know at the present moment just what coal is, because I have not bought any for some time.

Q. Have any of your corporations built mills or acquired mills in the South?—A. No; none here.

Q. Have you studied the conditions of manufacturing there somewhat?—A. Not by personal investigation. I have not been South for a great many years to go into the mills. I did a number of years ago visit some of them.

Q. What classes of people are employed in the mills here, mostly—what nationalities?—A. The larger elements would be French Canadians, Irish, and English, I should say; I do not know.

Q. Is a large portion of the mill help here of long-standing residence here?—A. I should say they are, the larger proportion, as far as my knowledge goes.

Q. Did many of them understand the business before they came here?—A. I should say that the operatives who came as immigrants from Great Britain, a large portion of them, would have had practical knowledge before they came here; of those who came from Canada, not so many.

Q. Is the labor in your 2 mills organized?—A. You mean does it belong to labor unions?

Q. Yes.—A. I assume they are. They are not organized as individual mills; they are organized en masse.

Q. That is the case generally?—A. I assume it is; yes. I have no knowledge how many are members of the unions. I assume the majority are.

Q. What is the prevailing opinion among the employers of labor as to the desirability of its being organized?—A. That varies with the individual. Some employers believe in encouraging organization and others do not.

Q. Do the corporations generally have tenement or boarding houses for the help?—A. A good many do. I really do not know how many have in these days and how many have not.

Q. Has there been in recent years a tendency among the operatives to acquire homes of their own?—A. I do not know that there are any more than usual. There is some tendency in that direction, I assume. I have not very much knowledge about it.

Q. Do many of them own homes?—A. That I do not know anything about. I know some of them do; how many I have not any idea.

Q. Are the tenements and where they generally live comfortable and provided with modern improvements?—A. That varies a good deal. There are some very good and some very poor, I imagine.

Q. Has the city pursued a liberal policy in improving the working people's quarters?—A. I do not believe the city has ever paid much attention to it, only in generally improving the streets and sewers and things of that sort. Of course, the authorities do that, I suppose, in all cities. The city has nothing to do with private improvements, as I understand.

Q. No; I did not mean that. I meant the proper work of the city.—A. Oh, I think the city is going ahead about as fast as it can find means to do these things. The town has grown large and spread out over a good deal of territory, and there is a

general complaint on the part of the city government that they can not get money enough to make improvements as fast as they would like.

Q. Are you able to state offhand the wages paid to the different classes of operatives?—A. I do not believe I can without providing myself with the figures.

Q. Have there been any particular changes in wages, up or down, within the last 3 years?—A. Yes; there have been changes upward.

Q. Were those increases made voluntarily by the manufacturers?—A. They were made, as I remember it, upon request, after conferences with the representatives of labor.

Q. Are the unions generally alert to keep informed as to the condition of the market, so as to make their demands for their share of the profits?—A. I assume they are; I think they are.

Q. Have there been any recent labor difficulties?—A. No; I should say not, at least not to my knowledge. There has been nothing, at any rate, to call for public comment.

Q. How does the business compare in respect to prosperity during the last 3 years, as a whole, with the preceding 3 years?—A. There is a decided improvement in the last 3 years compared with the previous 3.

Q. And do you think that is mainly due to the general prosperity of the country?—A. Undoubtedly.

Q. To what do you attribute that improvement in the condition of the country?—A. I think a great many factors have entered into it. It would be a difficult matter to say positively what elements entered into the change from adversity to prosperity; but certain things have occurred in the financial world which have given people confidence, I think. That has as much to do with it as anything—started the ball rolling. I think the removal of the fear of the currency being placed upon a false basis and the apparent settlement for years to come of the tariff question and matters of that sort have given people confidence to go ahead.

Q. Has a general revision of the tariff usually caused more or less curtailment in production and some shrinkage in the general volume of business?—A. It is always an unsettling factor.

Q. In your opinion should the tariff be touched unless the causes are quite urgent?—A. I should regret to see the subject raised at all.

Q. Did you personally assist in framing the cotton-goods schedule in the present tariff?—A. I did; yes.

Q. What are the leading characteristics of that schedule as compared with former schedules?—A. The leading characteristics as compared with any former schedule are that the tariff now is based upon the weight and fineness of goods instead of simply upon count—sales count.

Q. Is the cost of production of fine goods greater than that of print cloths?—A. Yes.

Q. And you give that as a reason for higher duties on them?—A. Yes.

Q. Is the foreign competition greater in fine goods than it is in the plain weaves?—A. Oh, yes. Competition in what we call coarse goods under the present tariff is nothing, you might say. There is more or less competition still in the finer grades of goods, but much less than there was a few years ago.

Q. If there is practically no foreign competition in coarser goods, could you safely dispense with the tariff upon them?—A. No; I do not think so. There are those who believe they can, but my judgment is that we can not.

Q. What would be the principle danger if the duty were repealed?—A. The principal danger would be that we would be subjected to an influx of goods here just at a time when it would be disastrous.

Q. What would be likely to cause that influx?—A. It very often happens that we are more prosperous on this side of the water than they are on the other side, and when they have large surpluses they would have an opportunity of getting rid of them at a slight concession, perhaps.

Q. Is it a common practice with countries which produce largely to dump their surplus stocks at a discount, and sometimes at a loss, in any market that they might find?—A. I can not answer that question from personal knowledge, but I assume that that would be self-evident. Not only would a country do so as a whole, but an individual concern would do it. It is a good business proposition if a man has got piled up a great lot of stuff which he can not sell in his regular trade, if he can find an opening, to get rid of it rather than to suspend production. The easiest thing he can do is to let it go, even at a sacrifice.

Q. What machinery is most used in the Fall River mills—American or foreign makes?—A. I can not answer as to the proportion of each; they are both used largely. For the last few years, however, there has been very much less foreign machinery imported. Where new machinery has been put in, there has been more American made put in than there was formerly.

Q. Has there been a steady improvement in American machinery?—A. Very much, in some directions.

Q. Do you consider it equal now in all respects to the best foreign-made machinery?—A. That depends upon the machine. I think the best American makes of most machinery are as good and in some cases better than foreign makes.

Q. Have you any complaint to make of the prices of American machinery, or of the methods of selling it?—A. We always complain to the maker, when we are trying to buy, that his price is too high; but I suppose, after all, that the price is equitable and fair.

Q. Is the price any higher now or recently than it has been in former years?—A. Oh, yes; somewhat.

Q. To what do you attribute that increase in price?—A. The same thing that has made prosperity in everything else—more demand; and they are enabled to get a higher price.

Q. Have the raw materials entering into the machinery advanced in price?—A. Yes. Iron is the basis of the whole thing; it is much higher than it was a few years ago.

Q. Do you know whether or not the wages of labor employed in the manufacturing of that machinery have also been increased?—A. I do not know anything about that.

Q. You are not able to state, then, whether the increase in the price of machinery has been greater than the increase in the price of the labor and material entering into it?—A. No.

Q. Do you know of any combination among the American manufacturers of cotton machinery?—A. I do not.

Q. Is your desire to obtain machinery at a lower cost great enough to lead you to favor a repeal or reduction of the duties on that machinery?—A. No. What I meant by that remark was that when we have anything to buy we want to buy it just as cheaply as we can. We are perfectly willing that everybody in this country should live and make a profit.

Q. Do you find that there is a larger market for the product of the Fall River mills when people engaged in other occupations all over the country are reasonably prosperous?—A. Oh, yes; yes.

Q. Does that fact lead you and other manufacturers to favor a good liberal wage scale?—A. Yes. I think I can say more people believe in keeping wages up as high as they can afford than used to.

Q. (By Mr. LITCHMAN.) Are the living places of the operatives furnished by your mills?—A. Yes; they are, in part. We have some tenements.

Q. The size of the tenement depends on the size of the family occupying it?—A. No; the size of the tenement is fixed.

Q. Will you kindly describe one as to the conditions of an average tenement?—A. We have a variety of tenements, varying in size. I do not know. I have never been through one of them in my life. I do not recollect being in one of them. They are under charge of the superintendent of the mills. I do not know as I could describe them carefully enough so that you would get an intelligent idea. The tenements were built a great many years ago, and it is safe to say they are not what we should build if we were going to build to-day.

Q. Do you know if any improvements have been made in them in recent years as to sanitary appliances?—A. Yes. We have tried to improve all that circumstances would warrant—have kept them in good order.

Q. Are your mills under inspection of State laws?—A. Yes.

Q. And do you think that the inspection inspects?—A. I think so; yes. I think the inspection is done thoroughly, so far as my knowledge goes.

Q. Do you find any oppression in that system of State inspection?—A. No.

Q. On the whole, you approve of it as for the betterment of the operatives employed?—A. I have no objection to it. There is nothing in the inspection department of the State that I recall that is objectionable.

Q. Do you pay your operatives by the piece or by the time?—A. Mostly by the piece; also by the day or hour.

Q. Do you ever run overtime?—A. I never have run overtime at the King Philip Mill; that is, I say, never in 15 years. We did run on two occasions, I think, a few hours, probably not over 10 hours in the whole time; that was caused by accident.

Q. It is not generally the custom to run overtime, is it, in the State of Massachusetts?—A. Not generally so, I think. There is more or less of it done.

Q. When there is overtime worked, is there extra compensation allowed, or are operatives paid according to the regular schedule?—A. I think the overtime is paid in the regular schedule. I can not answer for those mills which have run a good deal of overtime just what their system is; I have not the facts.

Q. How is payment made of the wages of employees?—A. The money is put up in envelopes once a week and distributed to the people it belongs to.

Q. You pay your employees in cash?—A. Yes.

Q. And under the weekly payment system?—A. Under the weekly payment system.

Q. Is that because of a State law compelling it to be paid weekly?—A. I suppose it may be in some cases, although I think quite generally here the mills were paying weekly before the law was passed.

Q. You find no special hardship in the weekly payment system?—A. No.

Q. You have no system here of store orders, such as exists in some localities?—A. None at all that I know of.

Q. Have you any mutual system of conciliation or arbitration between the association representing the manufacturers and the association representing the workmen?—A. You mean any agreement as to arbitration?

Q. Yes.—A. No.

Q. The difficulty in any particular instance is adjusted at the time the difficulty arises?—A. Yes.

Q. Has any difficulty occurred where the State board of conciliation has intervened and attempted a settlement?—A. Yes; I think there have been 2 or 3 instances since the State board came into being that they have been down here. I do not know that they ever accomplished anything; they have intervened; that is, they attempted to do so.

Q. Settlement has finally been made between the mill and the men or the representatives of each?—A. Yes.

Q. Have you any suggestions along that line in regard to the settlement of disputes between capital and labor that you care to make?—A. I do not know. It is a pretty difficult subject. I think that arbitration is the best method that is apparent to-day.

Q. Would you favor a system that would compel either side to submit to some sort of consideration a real or fancied grievance before either a lockout was declared or a strike ordered?—A. I should hardly favor a law in that respect. I think that an agreement between the parties would be an excellent thing.

Q. Suppose one side was willing to have such an agreement and the other peremptorily refused?—A. That is an unfortunate state of things, and you can not help it.

Q. Could you not help it if you had a law that would compel an examination into the difficulty at least, not the arbitration of the matter in dispute, but an inquiry to learn the cause of the dispute?—A. My objection to the law is not so much against the object that it has in view as the principle involved in it. It seems to me that if you are going to make a law that inquires into the contract existing between a corporation and its operatives you might make a law inquiring into all the difficulties of individuals and compel them to arbitrate rather than go to law.

Q. Is not the corporate existence a public franchise?—A. Yes.

Q. Does not the corporate existence confer to that extent, then, a public favor?—A. Yes.

Q. Should not, in return for that, the public be considered?—A. Sir?

Q. Do you consider that a strike is beneficial to the community at large?—A. I do not.

Q. On the ground, then, of the highest good of all the people, may not the State rightfully and justly demand that the cause of the difficulty at least may be inquired into?—A. I do not dispute the proposition that the State may rightly and justly do those things. You simply asked my opinion and I simply gave my individual opinion that it is not expedient.

Q. Do you find as the result of your experience that the employer and the employee are gradually coming nearer together in the understanding of their mutual relations and their mutual responsibilities?—A. I do not think there is any question about that; I think it is so.

Q. You think there is a growing sentiment on both sides of forbearance one toward the other?—A. I do. It may not be perceived in any short space of time, but I think that anyone who has lived in this community, as I have, for 30 years can not fail to see that there is a better understanding and a greater desire upon all parts to be harmonious.

Q. What would you think of an arrangement whereby the representatives of an organization including the employers would meet with a committee representing an organization of the help and provide for trade disputes covering a year, say, or any given time?—A. I see no objection to that; I think it is admirable.

Q. Are there any mills in Fall River conducted on the profit-sharing plan?—A. There is one.

Q. Have you any knowledge of it?—A. Only a very general knowledge; nothing specific.

Q. Not enough to give any information concerning it?—A. No.

Q. The education in Fall River is substantially all public school education, is it not?—A. Practically so; yes.

Q. Have you any technical school in Fall River?—A. No; we are in the line of getting one, I believe.

Q. You are in favor of the establishment of such schools?—A. Oh, yes.

Q. For what reason?—A. To educate the people in skill and the technique of a profession that is the life of the town, the main industry of the town.

Q. You think, other things being equal, that a skilled workman is of more value to you than an unskilled one?—A. No question about that.

Q. Do you think it will have an effect upon the quality of the goods produced in the community at large by raising the skill of the labor in these schools?—A. Unquestionably, in the quality and quantity and the economy of production.

Q. You speak of the possible establishment of a school here. Is the movement under the patronage and support of the manufacturers here?—A. No.

Q. Or is it to be established by the State?—A. The State has granted an appropriation.

Q. Conditional in any way?—A. I do not know what the conditions are; I believe there are some conditions. The city, I believe, was required to do something. How much was that, Mr. Tansey?

Mr. TANSEY. \$25,000.

The WITNESS. \$25,000?

Mr. TANSEY. The State gave \$25,000 and the city \$25,000.

Q. (By Mr. LITCHMAN.) This will be managed along similar lines—similar to those pursued by the institution at New Bedford?—A. (By the witness.) I assume so.

Q. Are you familiar enough with the details to give a comparison of the labor cost of cloth produced to-day and that produced 5 years and 10 years ago?—A. I could ascertain that from records, of course.

Q. (By Mr. A. L. HARRIS.) How long did I understand you to say you had been connected in your work with the mills?—A. I have been with the King Philip Mills since 1885—16 years.

Q. Have you been fairly prosperous all that time?—A. No; not all the time. There have been periods of prosperity and periods of adversity.

Q. Have you been able to declare dividends every year?—A. Yes; we declared dividends after the first year I spent there. We have declared a dividend, I believe, every year since.

Q. Those dividends were fair, large, or small, according to your prosperity?—A. No; the dividend has been very regular. We paid dividends when we did not make any money, and we did not pay any more when we made a great deal.

Q. Would you care to state to the commission about what your dividends are?—A. Practically the dividend has been 6 per cent. There were 1 or 2 years, perhaps, that we paid 7.

Q. Have you a surplus fund?—A. No; we have not any surplus fund now. We capitalized our surplus fund a year ago in bonds to the extent of half a million dollars.

Q. Your stock is above par, is it?—A. The stock was about par the last sales that I knew. Just par, I think.

Q. Your dividends, of course, were declared on par value?—A. The dividend is so much per share.

Q. Have your dividends increased in the last 2 or 3 years?—A. No; as I say, we have pursued the policy of paying, or attempting to pay, a regular dividend, and so far have succeeded in keeping it regular.

Q. Have you any knowledge in regard to the accommodations of the public schools in Fall River?—A. Only from general report. I am not connected with the schools in any way. I do not visit them or do anything of that sort.

Q. You consider them in good condition?—A. I think so; very.

Q. The law is closely observed in regard to the attendance of those of school age?—A. I think so, so far as my knowledge goes.

Q. In training your operatives, how do you obtain your best workmen; do you train them up in your mills?—A. Well, they are trained up without teaching; that is to say, usually an operative that wants to learn comes in and takes hold in a small way.

Q. At what age do they usually come in at the beginning?—A. They come in just as quick as the law allows, in most instances.

Q. Is there any rule, or do you take them in as apprentices?—A. They are taken in. For instance, take the mule-spinning department, which would illustrate as good as anything. Young boys come into that department and serve as what we call back boys; that is, at putting the roving in creels. That requires no particular skill. Gradually they grow up to acquire a knowledge of the machine, and perhaps occasionally begin to piece or something of that sort, and they grow into mule spinners in that kind of a way, and they become adepts. That is what I mean by picking up the trade. Of course, in that way they would go in as assistants sometimes to their parents or friends and pick up the trade in that way.

Q. When a boy first begins in your mill he gets what his labor is worth; I suppose the pay is not fixed by any rule?—A. Oh, we do not have a fixed price for them in my establishment. That is a bad system. I suppose that is not orthodox among most manufacturers, but I have always believed in paying people what they were worth and not paying the good the same as the bad or the bad the same as the good. But we do not do our business that way and I do not know as we ever will.

Q. Your operatives become skilled in their several lines?—A. Yes; in varying degrees.

Q. Do any of your operatives become sufficiently skilled to become superintendents?—A. Oh, yes; there are quite a good many instances of that kind. Most of what we call second hands, overseers, and a large part of the superintendents, if not all of them, come up from small beginnings, most of them beginning as boys. Many have acquired knowledge of the business, and as soon as they became proficient they have been advanced.

Q. How many of your operatives are girls?—A. Women and girls—my impression is about half.

Q. About evenly divided?—A. Yes.

Q. Do they do the same work at the mill that the men do?—A. In the weaving department there is a mixture of women and men, of course, and in what we call frame spinning—that means the warp spinning—they are mostly girls and women. The mule spinning is done by men. In certain things the women seem to be adapted to the business, like making roving and carding and tending roving frames. Those operatives are mostly women. The frame spinners, spoolers, warpers, web drawers, and all that class are practically all women. The weavers are a mixture of women and men and, as I say, the mule spinners are men. The minor help—I have named the great mass—such as printers, strippers, engineers, firemen, etc., are all men, of course.

Q. Have you men in your mills that have been trained in your mills and become sufficiently expert to do any and all kinds of work necessary to be done in your mills?—A. That is uncommon. Usually most operatives prefer to stick to the trade they learn. It is a specialized trade. If you put a man first at one thing and next at another he would not be very good at any, perhaps, as far as the application of his labor is concerned. I think it is unusual for them to change very much from one department to another.

Q. You think it is advisable for them to stick to that which they have the best training for?—A. Undoubtedly, for the great mass that is so.

Q. Are your school facilities, such as school houses and equipment, sufficient?—A. I think substantially so. You are asking me questions on a subject that, except from what little knowledge I have of the schools through the papers and school committee reports, etc., I know nothing about; but I think there has to be a constant extending of the accommodations. The town has grown, and I think sometimes there are overcrowded conditions, but as a general rule I think the intention of the community is to have them properly cared for.

Q. Schoolbooks furnished?—A. Yes; text-books are furnished by the city.

Q. The children of the workingmen, your operatives, go to the same schools as the children of the owners of the mills?—A. As far as they live in the same localities.

Q. They have the same opportunities?—A. Yes.

Q. (By Mr. LITCHMAN.) Are you familiar in a general way with the manufactures in the South that come into competition with your own mills here in Fall River?—A. Yes; I am familiar with them, but not from personal observation.

Q. There is some sharp competition?—A. Yes.

Q. And is that competition due to a difference in the conditions under which the labor is employed and the business done?—A. The competition is the same wherever it may be. The Southern competition is more effective than Northern competition, because in the South they produce goods rather cheaper than we do here.

Q. How?—A. Mainly by working longer hours, and the price they pay their labor is less.

Q. Those mills in the South are mainly of recent construction?—A. Pretty largely so, yes.

Q. Are they equipped with the latest and most improved machinery?—A. So far as I know they are.

A. Have they an advantage from that fact over mills not so well equipped?—A. Yes. That would be true, however, in any section, no difference whether in the North or the South. New mills can always make goods cheaper than an old one for awhile.

Q. Since there has been such a marked increase in the South primarily, you feel that competition more?—A. And they have an added advantage, of course, for the time being.

Q. Now a part of our duty is to suggest remedial legislation to the States and nation. Do you think of any suggestion that you would care to make that would

equalize conditions?—A. The only legislation that I can think of that would be advantageous to the manufacturer in this section would be to have national legislation, if it is practicable, on the subjects which are for the amelioration of labor, on the question of hours.

Q. And sanitation?—A. Sanitation and everything.

Q. And factory inspection?—A. So that there would be a uniform condition of things. I do not think anybody can ask anything more than that the burden falling upon manufacturers should be the same in every locality. We have undertaken and successfully undertaken to place a tariff tax upon the products of countries in which we believe the conditions are less favorable for the laboring man than they are here, but we have no means of placing a tariff tax upon the products of any backward section of our own country, of course. But I do think that we are entitled to have conditions under which uniform operations can be carried on.

Q. (By Mr. A. L. HARRIS.) Have you any suggestion as to how that might be brought about?—A. I do not know of any except through national legislation, if that is constitutional and can be accomplished.

Q. (By Mr. LITCHMAN.) Inasmuch as your goods go entirely to the American market, you feel this competition from those sections that are not quite so well developed?—A. Certainly.

Q. Are you familiar enough to state whether or not the conditions are changing somewhat for the better in the South?—A. I am inclined to think so, yes. That is the impression I get from what knowledge comes to me.

Q. Are you aware that there is a law now pending in the North Carolina legislature for lessening the hours per day?—A. I know there was such a law proposed; I have not followed it to find out what the fate of it has been.

Q. Do you know that the manufacturers entered into an agreement among themselves voluntarily to limit the number of hours?—A. I think the number was limited to 11, if I remember right. I would not give much for an agreement of that kind, however.

Q. The statement that I saw in the papers was that nearly all the manufacturers had signed an agreement that they would voluntarily arrange the matter on some basis, but they deprecated the passage of the law by the State. I think the matter is not, however, decided yet by the legislature.—A. People that deprecate the passage of a law like to get their own laws pretty well.

Q. You may state about the effectiveness of an agreement by those people.—A. I have not very much confidence in such agreements.

Q. By Mr. CLARKE.) What is the legal limit of hours of labor per week in Massachusetts?—A. Fifty-eight.

Q. What is it in Rhode Island?—A. Sixty. The Rhode Island law, I am told, has no penalty attached, so I suppose it is not a very dangerous law to the manufacturers.

Q. Are there mills in Rhode Island very near the mills in Fall River?—A. Yes, some. Some you can see if you go up a story higher.

Q. Some of the operatives in those mills live in Fall River?—A. No, I should say not; there may be some, but I should judge not.

Q. All the conditions, except that legal limit of hours per week, are substantially the same, are they not, in those Rhode Island mills and your Fall River mills?—A. Oh, no, no. We have considerable more burdens than they have, outside of the hours.

Q. Would it be to your advantage to have the same limit and substantially the same conditions enacted in Rhode Island?—A. Yes, if they were enforced. The great thing about these laws is the enforcement of them. In the large centers where there is an active and aggressive labor organization attention has to be paid to these laws by the State officials. If they do not, they hear from them, and properly so. But we know well enough that in certain sections of the State these laws are very loosely enforced. That is true in our own State, to say nothing about Rhode Island.

Q. With the advantages which they possess can they undersell you in the market; or if markets are generally good can they pay larger dividends than you can?—A. It is safe to assume that if a man has an advantage in the cost of his production he certainly can either undersell you or, if he gets the same price, he can make more money; that is a self-evident fact. But it is by no means certain that in every case a man who has an advantage gets the full benefit of it. That is to say, you can not take an individual enterprise in Rhode Island or in the South and say that success is certain because of advantages. I have no doubt there are mills in the South which would fail and go into bankruptcy where the advantages, perhaps, may be very great, just the same as there are mills that failed and went into bankruptcy in the North when advantages were just as good as they were anywhere. It is a large and broad question you have to consider in these things. There comes in the question of management and of perhaps luck in some cases, if you wish to call it luck; favorable circumstances enter very largely into the success of individual enterprises, and

that, of course, is very often picked up and cited by people as an argument. We hear of a very prosperous concern here and there under very favorable conditions, and that is referred to as though it settled the question. It has nothing to do with it. The point is, in a general way, whether the advantages are greater in one place than in another. If they are greater in one place, the general prosperity in that section and in that line of business will be advanced; and if there are disadvantages in one place, the general prosperity of that place will decline in proportion.

Q. (By Mr. LITCHMAN.) What is your opinion of the condition of a city dependent entirely on one industry?—A. I think it is better not to have one industry entirely, although there are advantages and disadvantages.

Q. Have you made any comparison with the salary list of superintendents and management in the South with that of Fall River?—A. No; I have made no comparison whatever; but in general I imagine the salary list here would be very much greater.

Q. The nominal profit made by the Southern mills, then, would be in some degree affected by that difference, would it not?—A. Yes; in a small degree. That is a question, of course, which, as a salaried man, I ought not to discuss. I am always perfectly willing to be perfectly frank about these matters. Nevertheless we assume as a general proposition that a man's compensation is fixed by what people think he is worth, when it comes to a salary list. I think you will find plenty of industries in this country that will put their money back of a high-salaried man rather than a low-salaried man, for their experience shows the high-salaried man gets his salary because he is successful and knows how to make money.

Q. That same skill, however, is required to successfully manage a mill in the South, is it not?—A. Yes; in proportion to the enterprise. You must remember most of their enterprises are pretty small down there; that is, the individual enterprises are small, and their production so far is small.

Q. What system of local taxation do you have here in Fall River?—A. We come in under the general system of taxation. Valuations are placed by assessors, and we are taxed for a sufficient amount to pay the expenses of the town.

Q. Is the valuation of the assessors conservative?—A. I think it is full large so far as corporations go. As far as individual property is concerned, I do not know as much about it. Everybody "kicks" about taxes, you know.

Q. So far as corporations go, you think the taxation is all the property will bear?—A. I think corporations' taxes are pretty high always, as a rule.

Q. Have you seen any indication in Fall River of the consolidation of mills engaged in the production of similar products?—A. It was attempted here a year or two ago.

Q. Was it successful?—A. No. There was a consolidation of those making yarns, in which all of the mills here were taken in, but the cloth mills consolidation did not succeed.

Q. You think combination would not be expedient in any other mills but those making yarns?—A. I do not think it is a good plan in either one.

Q. Do you care to enlarge on that opinion a little and tell us why you think so?—A. I am willing to enlarge on it to this extent: I think the way these consolidations are as a rule carried on—I do not wish to point the finger at any one in particular—is a swindle on the public.

Q. You mean through multiplication or manipulation?—A. I do; yes. I know very well they promise to pay what appears to be a pretty large price for the stock of the corporations, and through the issue of their securities the average man is not able to follow the valuation, and he buys the same property back at a higher price than he parted with it for. That is the method that has been pursued in about all the consolidations I know anything about.

Q. That, you think, is against public policy?—A. I think it is a swindle; I do not know about public policy, but I think it is a swindle.

Q. Do you have any remedy to apply by public legislation?—A. No; I do not see how you can remedy it.

Q. You think it is a matter that will adjust itself?—A. It is like a great many evils; it will work itself out in time. We will see what the results will be; we do not know now. I do not believe in the general principle that you can cure everything by legislation. I think men have got to find their way to truth and light sometimes through suffering and through a great deal of trouble. I may be old-fashioned, but I am a little Calvinistic in my theories. I think life means something besides trying to make the road easier for everybody.

Q. (By Mr. CLARKE.) Aside from the financial evils attendant upon consolidation, do you see how consolidation could have some economic advantages?—A. I do. I think under certain circumstances consolidation may be the very best thing. Of course a great deal depends on the way business enterprises are handled after consolidation. If they are used as instruments merely to squeeze out all there is in the business, they will fail; if they are actually carried on for the purpose of economy and supplying public needs at the lowest possible cost, they will succeed.

Q. With an honest organization and honest people, broad-minded and fair, and far-seeing management, you think they might be of public benefit, do you not?—A. I do; I do not see any reason why they should not be.

Q. (By Mr. LITCHMAN.) Would not that cause a still higher demand in the immediate future for technical education?—A. I do not know that it would make much difference in that respect. I think we want all the education and technical knowledge we can get, any way, under any system.

Q. Have you in connection with the public schools here any schools for manual training?—A. I think there is such a school in connection with the high school.

Q. Have you observed that far enough to know if the graduates from that training school ever get into the mills?—A. No; I do not know how much that school has accomplished in that direction.

Q. (By Mr. A. L. HARRIS.) Do the Southern mills reap any advantage in the way of cheaper raw material?—A. I think they do on the coarser goods that they make; but I think that it is very small perhaps, for the reason that their goods have got to be transported to market, if the cotton has not. I would not myself consider that factor a very great one, although it undoubtedly amounts to something in certain localities.

Q. Do they have any advantage in the matter of fuel?—A. They do in certain localities only.

Q. One more question in regard to combinations. Along the line of your idea of their being honestly conducted, Would they avoid overproduction and sometimes disastrous prices and steady the market if they were properly conducted?—A. I think the tendency would be in that direction; yes.

Q. More than in the economy of production?—A. Yes; I do not think the economy amounts to so much as some do. I think there is a good deal to be accomplished in the way of steadying production and prices so there will be a more uniform condition of things in the market.

(Testimony closed.)

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. THOMAS O'DONNELL.

Secretary of the Fall River Mule Spinners' Association and of the National Spinners' Association.

The subcommittee being in session at Fall River, Mr. Clarke presiding, Mr. Thomas O'Donnell was introduced as a witness at 12.05 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Thomas O'Donnell, box 203, Fall River, Mass.

Q. What is your official relation to organized labor?—A. I am the secretary of the Fall River Mule Spinners' Association and also secretary of the National Spinners' Association. I have a few answers to questions here, and it might facilitate matters by reading them and my answers to them.

Q. (By Mr. LITCHMAN.) They follow the topical plan of inquiry?—A. Yes. Our association consists of about 650 to 675 members. The dues are 25 cents per week, when fully employed. Some of these are employed as extra spinners who depend upon the work which the regular spinner may have to leave through sickness or other causes. These men pay their dues to our association for the actual days worked. For death benefit we pay our members \$50, and for our members' wives we pay \$25. To members who meet with accidents while following their ordinary occupation we allow \$1 per week for 13 weeks, and \$3 per week for the second 13 weeks. We allow also \$4 per week to members of our association who may be out of employment through the stoppage of machinery, through depression, or other causes. This we continue in force for 13 weeks, providing the funds of our association are sufficient to meet the demands. If any of our members should be discharged from their employment (which is a very rare occurrence at this time) we allow him \$4 per week and also 25 cents a week for each child not allowed to work according to State law.

In case a strike should take place, and our funds permit it, we allow our members \$4 per week and 25 cents for each child not permitted to work according to law.

All the spinners operating spinning machines in this city belong to the union. This has been the case for about 14 years. Previous to that time a large number of our spinners did not belong to their trade organization. At that time we were reduced in wages more or less, and the reductions came so often and with such short notice that it was an incentive to many of our calling to join their organization. Of course many of these reductions were gradually restored afterwards.

We have no union label in our industry, as in the cotton mill there are different departments, and where one department would be thoroughly organized and all members of the organization, the other would not be so; and if the label went on the goods, instead of its representing organized labor it would only partially represent it, and the result would be the public would be deceived when the goods were put on the market.

There is a law in this State which allows trades unions to be chartered. Our association is opposed to being chartered on account of the requirements of the law, for the reason that we would be compelled to make annual statements of our financial condition; and for our own protection we do not think it is wise to do so.

It is not necessary for our members to make any contracts with their employers, their work all being paid for by the regular list of prices and by the piecework system, with the exception of a few corporations who pay a weekly wage to their help. I refer to the mills of the New England Cotton Yarn Company, formerly called the Globe Yarn Mills, of this city.

We believe that every spinner in the city or anywhere else should belong to his union, and so far as possible we induce them to do so, as they receive many benefits through the organization that they would not receive if we had no organization. This has been proved conclusively on many occasions. We think also that as long as there is an organization, those who receive the benefit from that organization should be induced by some means to belong to the organization and contribute something for its existence in return for the benefits they have received. That is the reason why we have been so successful in inducing all our spinners to be members of our association.

In regard to strikes, I would say that one of the causes of strikes in our department has been for what we term bad work; that is on account of the poor material furnished. But this seldom occurs now; not so often as it did some years ago. It occurs very rarely now, on account of the organization. A little wisdom on both sides prevents the strike. That is one benefit of being organized; also the manufacturers recognize their employees.

The principal cause for a strike, as we are all well aware, is the wage question. We have been very fortunate in this matter also, as we have had no strike in this city since 1894, and we trust we will not have any in the future. Strikes, we must admit, are a great injury both to the employer and to the employee and also to the community at large. Still they are what I call a necessary evil, and although less results, pecuniarily speaking, at the time, still good results accrue afterwards both to the employer and the employee, even if the object struck for has not been obtained, as they prevent afterwards both capital and labor from entering into strikes again, and cause more careful consideration of the question at issue before allowing them to take place again.

This is our experience in this city. We knew years ago that our manufacturers would get together and have a meeting, and with very short notice a reduction in wages would be offered to the people. Before a reduction is offered at the present time (and it has been so for several years) the matter will be considered and discussed by the people extensively as well as among our manufacturers. The press also will take the matter up; and this publicity and the careful consideration that is given to the matter of wages prevents many times a calamity occurring in our city, either by the manufacturers or the operatives modifying their demands as the case may be.

There are two methods in regard to strikes which I might refer to. One is what I call the impulsive strike, which is generally adopted by labor that does not belong to any organization. I refer to this to show you the benefits of being organized. This has been our experience also in this community. Twenty years or more ago in this city, when organizations were very rare, it was a common thing to have strikes more or less every week, for one cause or another. The help would walk out sometimes without considering what they were doing. That is what I call an impulsive strike. Still, members of our trade unions have been guilty sometimes of the same thing, but they have the organization afterwards to come to their assistance and try to get the matter settled, whereas the unorganized element does not have that assistance. The trades organizations, if in their opinion the action of their members is not justified, will order their men to work. The second method of striking is one that occurs after careful consideration of the trouble at issue. A vote would have to be taken by the members, and due notice given as to when the men would leave work.

In picketing and other ways of looking after strikes, of course it would be our duty to send men into the neighborhood where these strikes occur and, if possible, induce the men to leave the positions belonging to our men where the trouble may be. That is the only system that we have ever used here; that is, to persuade the men not to work in the other men's places during the trouble. If they got work elsewhere, well and good.

We have a State board of arbitration in this State, but it has very rarely had anything to do with the strikes or the settlement of strikes in our organization. Mr. Chase referred to that matter. So far as ending strikes in this city is concerned, they have had a good deal to do with it, nevertheless. They have interested themselves, and I know in some cases they have been the means of bringing the manufacturer and the operatives together, but not recently.

Q. Let me ask right there, if there is any opposition on the part of the organizations represented by you to this State board of conciliation?—A. Not any.

Q. On the whole you favor it?—A. We would be glad for it to intercede at any time when we have trouble here, but somehow or other it seems that when we have troubles in this city and the State board has come to investigate, the matter has generally been settled by the operatives and the manufacturer, as stated by Mr. Chase. Still, they are always willing to come if asked, and they have in many cases interested themselves. They did so in the last strike in New Bedford. Of course, in many cases that we are not aware of, they may have been of great benefit to small unions in other parts of the State, and to small bodies of working people. On account of our extensive organizations in this city, somehow or other we generally got together and handle these matters without calling for assistance. Nevertheless, their assistance would be appreciated. There has been some fault found with the make-up of the board at times, but of course they change from time to time. One of the older members is still on the board, Mr. Barry, and he is a man that a good many of the people have respect for, because he seems to be a fair-minded man; and we know very well that when other members of the board have been indifferent, he has personally interested himself and come to investigate.

Our manufacturers are always willing to meet us to consider our grievances; and when wages are at issue which will affect all the operatives in the city conferences have been held and an effort made to settle the trouble without resorting to a strike. This has occurred on many occasions, where the representatives of labor meet the representatives of the manufacturers' association in the city and try to settle differences without going to the extremity of a strike. We believe that when the wage question has been at issue these conferences of manufacturers and employees have been a great benefit to the city, and have prevented strikes, both when reductions were offered and when also advantages in wages were asked for. Of course we discuss these matters, and on many occasions when we have seen that the condition of things would not warrant the existing wage schedule, after our interviews and conversations with the manufacturers, we would go back to our organizations and recommend the accepting of the reduction, because, although not believing in low wages, there are times when competition is so severe that for our own welfare and that of the community we live in we are willing to make the sacrifice and continue at our employment.

In regard to the wage system and the payment of wages: The weekly payment of wages I consider a great benefit to our people in the city, as it has given them the privilege of buying in the most reasonable places. We know very well that where there are large stores in a community like this, large sales and small profits is their motto in comparison with the small stores, and the result is that the people, having their weekly wages, can go and purchase their supplies every week. Although there was opposition to the weekly-wage system among the manufacturers at first, because they said they would have to hire more clerks, still they have managed to continue the weekly-pay system without hiring any extra labor in their offices. Many of our manufacturers had voluntarily given the weekly wage previous to the passage of the State law compelling them to do so. In this city most of the mills were paying the weekly wage, and some said they would prefer it to the old system, and would not go back to the old system even if there was no law compelling them to do so.

Regarding factory tenements, concerning which you questioned Mr. Chase upon, I would say that they are gradually disappearing from this city. There is no need of building factory tenements here when the mill is built, as there is an abundance of tenements. The factory tenement was not suited to many of the operatives, as they desire something better, and as a result the factory tenements became empty or were occupied by an undesirable class of tenants. The result was that the corporations gradually dispensed with them, and in one case that I know of they recently demolished them. Many of our people own their own homes. A mill starting up now would not need tenements to shelter their operatives, as there is an abundance of tenements in the city, and many people have bought the mill tenements and become private owners of the property and are running them something on the same principle as the mills did. The tenements are not much different. They may be kept a little cleaner in some cases and may not in others, but they are mostly cheap compared with those built at the present time. The tenements built now are more modern than those of 25 years ago, still many of the people are compelled to live in these poorer tenements because of a large family and the small earnings they

receive. I say "small" because many of our people work for as low as \$7 a week and have 3, 4 or 5 in the family.

Q. Will you at some time give the rates paid for rent?—A. I can give that now. They probably vary from \$1.50 a week up, though in some instances they may be lower.

Q. A tenement bringing that rental would shelter how many people?—A. Probably 7 or 8 in one family. It may be only a married couple with no children or it may be they have large families. Where a man has 5 or 6 children, all dependent on one man's earnings, he can not afford to pay much for rent.

Q. When the children get old enough to contribute they move into better tenements?—A. The children naturally look for a better place when the earnings will allow.

Q. How far do the cooperative banks assist your people in obtaining homes?—A. To a great extent. Those that can do so take shares; but you know many of our people have not a dollar to invest. Practically they live from hand to mouth all the time. Where they can invest, of course it is a great benefit. I myself had shares in one of them for a long time, and contributed my money monthly. Just below here there is a cooperative bank, and there is a crowd around the doors waiting for it to open. Many of our people have gotten their homes in that way, because they have taken ten or fifteen shares, and can borrow to the extent of the amount represented and pay back every month with the interest added. In time, if they have no reverses and live in the one place, the home becomes theirs by paying the principal and the interest added to it every month.

Q. You gave the rental of a factory tenement at about \$1.50 a week?—A. Yes; and they have been as low as \$1.25.

Q. Can you compare with that rental the usual rent paid where the operative lives in a tenement outside the factory?—A. For outside tenements the rental is from \$10 to \$14 per month. Of course the tenements for \$14 per month, which many of our working people are living in now, have all the sanitary improvements.

Q. Are they brick or frame?—A. Mostly frame; very little brick is used in our city.

Q. Are they in a desirable location?—A. Oh, yes. Of course it is not a convenient location at some times. Most of our people are building where land is more reasonable, but they have electric cars.

Q. The electric cars have assisted in the development in that respect?—A. To a certain extent.

Q. (By Mr. CLARKE.) Are the houses isolated or built in blocks?—A. Mostly isolated, to a certain extent. Under the new tenement system they are built in a large yard. Two or three tenement houses would have considerable land attached.

Q. (By Mr. LITCHMAN.) Each yard is divided off?—A. That is the system of building mostly on the outskirts; yes.

There is another statement in regard to organization. I believe organization tends to keep up the wages. We have many instances where organized labor were the ones to take up the wage question. They always take the initiative in matters of this kind, because where they are not organized they are backward about this matter, because they would probably be afraid to mention their wages, as they might be discharged. When an organization, through its representatives, takes up the matter there is no fear of discharge. Even in our own case we have had an advance of wages when unorganized operatives did not receive the same benefit. Where we were organized, and other people in the same community and working under the same conditions were not organized, we received concessions through being organized when the unorganized people could not secure them.

Q. Right there, it might be proper to state, how far the operatives in the mills of Fall River are organized in the various organizations.—A. I could not give you the percentage of the operatives. Of course, a large number of the weavers are organized; they are organized in the carding department; the mule spinners are organized; the loom fixers are organized, and the alasher tenders are organized also.

Q. The organization, then, embraces the more skilled mechanics and operatives?—A. Yes.

Q. Do they, through their organizations, protect the rights and privileges of the unskilled and unorganized?—A. When we receive a benefit, which is general, the unskilled and the unorganized secure it also, because they could not very well make distinctions. I referred to one instance where they did, but they could not do it where the organized and unorganized worked together in the same departments. If they made concessions to one and not to the other they would have impulsive strikes, and the operatives would leave the employment. For that reason the unorganized receive the benefit of organized labor.

Q. It would also follow that if the organized saw fit to strike a mill the unorganized would have to be idle?—A. Yes; sometimes they do remain, but generally when a disturbance of that kind occurs they all follow one another out. The unorganized

will follow the organized out, but they become a hardship to the organized, because we would not want to see them suffer; hence, we assist them to a certain extent.

I was saying that we secure advantages for those not organized. Seldom will manufacturers make voluntary advances of wages even when the conditions warrant them. When it comes to a question of getting an advance in wages, it depends on labor or its representatives to know the conditions of the market, and when they are such as would warrant a change in the wage conditions it is our duty to look after that. On the other hand, it is the duty of the manufacturer, when the conditions do not warrant him paying the wages, to look after his end of it. That is the reason I say it is a rare occurrence when the manufacturers will make a voluntary advance in wages. Of course, they did make a voluntary advance when the 58-hour law was passed, to compensate us for the loss of the 2 hours. The condition of the trade was good at the time, and we believe it improved also after the passage of the 58-hour law.

I think there should be some restrictions in regard to immigration. Possibly some people might object to a statement of this kind coming from me, but when we have had the depressions in this country that we have had at intervals during the last 25 years, I do not believe it is right to allow an influx of labor. If the people in the other countries would consider the matter themselves they would not think of coming here during these periods of depression, but they do not consider. The result is we have a steady stream of immigration all the time. And you know what it means to this country where a depression takes place and where the people living here can not get employment, what it means when another large influx is coming into the same community. They become a burden, and I believe there should be provision made to restrict immigration at some times, not at all times. We have had hard times, and we will experience them again probably, and labor should not be allowed to come in to the extent it does when these depressions are in existence in the country. That is my opinion on the matter, and many of our members also think that to allow indiscriminate immigration is not right. If everything was flourishing and there was employment for all there would be no fault to find, but when you have not employment for the people you have here you are putting greater hardships on them by allowing other people to come.

In our industry at the present time we have very few immigrants coming in. The trade in Great Britain has been very good for some years and the wages have been high, comparing favorably with ours when you take into consideration the purchasing power. This has prevented to a certain extent the immigrants from coming over here.

Q. (By Mr. CLARKE.) Do you refer to mule spinning or cotton manufacture?—A. I refer to all departments. The hours of labor are fewer there than they are here, and that is also an inducement for the people to remain. Of course, there are times when from certain causes the people can not find employment there even under present conditions of things and they come here to look for employment, and in many cases they have been unable to find employment and have to send to their friends for money to pay their passage back to England. Those are individual cases I know of myself where men have approached me in regard to getting work.

Q. So far as you know, is considerable of the immigration assisted by friends living here?—A. To a certain extent; yes. A family does not like to be separated, and if you are over here in employment you are in duty bound, I suppose, to assist your family, and you will make an effort to get them together and have them come where you are.

Q. Can you suggest how Congress can shut off immigration without working a hardship on such people?—A. Those would be only individual cases. You know that when the country would be stagnated you would never think of sending for your friends. When I refer to immigration I refer to times of stagnation in the industries of the country and when labor is idle. You would not and I would not be so foolish or unwise as to put another burden on our shoulders when conditions would not warrant you in sending for your friends and relatives and bringing them over. I have sent letters myself discouraging people from coming here at all, owing to the conditions we were working under at the time. Of course, if trade was booming we would encourage them to come if they wanted to do so.

Q. How do you think it would work for the Government to try to distribute the immigrants more widely; get them off into new sections of the country, where they can get cheap land?—A. Of course the Government could offer inducements to them to pursue this course, but you notice that to our large cities is where most of the people come first. They always need the greatest opportunity for getting employment. There might be many ways of assisting them and putting them into different localities by advising them to go to certain places, and the Government might offer inducements.

Q. Have you any experience here with Asiatic labor?—A. No; I do not think we have. We have a large number of Poles coming into our city here. They are working in some of our mills. We also have people from the Azores coming here at the

present time, but I do not think that they are coming to any great extent. For the past 12 months there has been a large influx of them, but I do not know as there are a great many of them now. The Poles are working in many of our mills in the carding department.

Q. Do the immigrants offer to work at any lower wages than the general scale?—A. That is a matter which we can not tell. There may be individual cases, but we have a general wage schedule here in our mills and pay so much. They might get these men to work for a little less until they became more competent; I do not know. Of course they have to be capable of doing the work, but whether they work for less wages I can not tell.

Q. Are you familiar with Senator Lodge's bill for restricting immigration by an educational test?—A. No; I do not know that I am.

Q. You have not come to any definite conclusion, then, as to just what method should be applied?—A. No; I have not.

Q. (By M. LITCHMAN.) Have you any idea that the immigration from the Azores and from Poland is encouraged by the employers?—A. That I could not say for a fact. Of course, you sometimes hear reports that there are agents out or that they will advertise for help in order to keep a large number of help always on hand; but that I could not say.

Q. Have you much Italian help here?—A. Very little. There are Italians, but there are very few of them in our mills. Most of our help are English-speaking people and French Canadians; they are in the majority.

Q. Are you able to give the percentage of each?—A. No; I could not.

Q. Do the French Canadians intermarry and remain here as permanent citizens?—A. Yes; the French Canadians remain as citizens here permanently—a great many of them. There have been times when a large number of them returned to their own country during slack seasons when there was a depression, but they returned again as soon as there was a revival of trade.

Q. When they become married here they stay?—A. Certainly; they intermarry here and settle down. There are sections in this city where the French Canadians are in the majority. They are in business; they have here their own physicians and lawyers, and they intermarry with other nationalities.

Q. The second generation usually become permanent citizens; is that the idea?—A. Yes.

In regard to the hours of labor, that is a matter we are all interested in, as it is a matter that the people of Massachusetts especially would like to see settled. The laws regulating hours of labor were a privilege given to the States under our Constitution. They might have been well enough at the time, but those laws ought to be changed according to the condition of things. We think it is about high time that we should have a national working law. Although, of course, the country is large, we are a sisterhood of States, and our interests are identical. We believe that there ought to be no discrimination by one State against another in the matter of regulating the hours of labor, and probably other matters. I think it would be more beneficial and more satisfactory if we had national legislation. In Massachusetts we have progressed very satisfactorily, and we have had some very good labor laws passed. Still, we believe that there is lots of room for improvement, and we would like to advance still further. We are handicapped in this matter of getting more favorable legislation in regard to hours of labor and other matters on account of the disparity of hours in other States. In the Southern States, of course, when they begin to make their change, even after national legislation, the change will be more rapid than ever ours was here in the North. The people expect to win in the end, and the industry has grown very rapidly in the South. Recently in the South people have come in from the farming districts to work in mills, and as soon as they understand or find out that they are not getting what justly belongs to them they will make a demand for it, and I think they will receive it quicker than ever we did in the New England States. Of course our progress has been gradual from the passage of the 10-hour law up to the present time. Our manufacturers, of course, oppose all labor legislation on the plea that they are discriminated against and that it is not fair that they should be compelled to only work 58 hours while Rhode Island and other New England States and the Southern States work longer hours; and although we are looking for some further improvement in the labor laws, we have stated at a meeting in the State House that we were satisfied to remain at 58 hours until such time as other States made necessary changes. In our city here we have had manufacturers who have expressed themselves to the effect that they do not care what the hours are if they are put on an equal footing with the other States; and that is one of the principal reasons that we have made headway with them, that we would like other States to follow suit, and the only way to secure that result is to get national legislation. We feel earnestly on this subject, and we think the change would be a benefit also to the country.

Q. (By Mr. LITCHMAN.) How far may that movement be assisted by the extension of your own organization among the operatives in the Southern mills?—A. The peo-

ple in the Southern mills are organizing very rapidly. The American Federation of Labor to-day are doing great work in the South in organizing the people there, and where the organized help were only hundreds probably 2 or 3 years ago, they can be counted by the thousands to-day, and they will continue to grow, not only among the operatives, but among the people working at other trades. There are men to-day, where trade is regularly confined, that can only have 9 hours, I believe, the same as some of the trades have here in the East.

Q. Have you any knowledge of opposition on the part of the employers in the South to this organization of the labor in the South?—A. Yes; judging from published statements. I do not know it except from published statements, but it is said that they are thinking of rules to prevent the people from being organized. They have had strikes recently in some parts of the South, because the manufacturers or employers gave the operatives notice that on a certain day none would be employed that belonged to a trade organization. The result was there was a strike.

Q. (By Mr. CLARKE.) Has there been opposition, so far as you know, among the workmen of the South to organization?—A. No; I do not know of any. All that I know of is that the manufacturers have tried to prevent them from organizing. I do not know of the people being opposed to organization.

Q. Did you hear of any opposition shown to Hon. Robert P. Howard, formerly of this city, when he went down there?—A. Not by the people, but I did hear of opposition by the manufacturers. In one instance the watchman came out and ordered him off the sidewalk when he was issuing circulars for a meeting of the people.

Q. You do not think, then, that the opposition came from the people?—A. No; I never heard that stated and never knew of it. I have had some conversation with members of labor organizations from the South recently, and I never heard anything about the people being opposed to it. It seems to me if they were opposed to it they would not organize so readily.

Q. Were you a delegate to the recent meeting of the Federation of Labor at Louisville?—A. No; I was a delegate to the Detroit convention. We did not send one to Louisville on account of holding the convention of textile workers in Washington at the same time.

Q. But you were familiar with the action taken at Louisville, of course?—A. From the report, yes.

Now, in regard to this 58-hour law in this State also. When this law was passed, we believed that the intent and meaning of this law was that the 58 hours should be worked during the daytime, but very recently some of our corporations began to run their mills nights with a second set of help. Of course our people fought this very hard, and were opposed to it. During all the progress of our city, night-work had never been attempted before, and it caused a great deal of dissatisfaction, as the women and minors were employed after 6 o'clock at night. According to the State law they can work until 10 if they do not work in the daytime, but we have been trying to get legislation for several years to prevent this night work if possible by women and minors. We once almost succeeded in the legislation, but it is not a law yet. We are opposed to night-work on principle. We think that the proper time for people to be employed in our mills is in the daytime. It seems unreasonable to think that legislators, probably in the cities where some of them very recently have tried to pass curfew laws, at the same time will stand up in the legislature and vote to have the same children as would be affected by a curfew law probably employed in a cotton mill until 10 o'clock at night. It does not seem reasonable, and we think that the intent and meaning of the 58-hour law was 58 hours to be worked in the daytime without any night-work at all. Of course, we know that other States work at night. Our manufacturers refer to this, and there is no law preventing a man from doing it; but we think that our women and minors ought to be taken care of, and that when they get to 6 o'clock at night it is late enough for any woman or child to be found in a cotton mill, without doing work at night.

Q. (By Mr. CLARKE.) Can you frame a law of that kind that will be very general in its operation and still afford an exceptional opportunity to run nights for a short time in order to fill orders?—A. That is a very broad question. You have had Mr. Chase here to make a statement. You heard what he said, and he has always filled his orders. He has a well-equipped mill, manufacturing the finest grades of goods, and he has always filled his orders in the required time. It is what I might term sometimes the selfishness probably of some of our manufacturers that would keep the mills open at night. I do not think it is the press of orders, for this reason: In enlarging their plants, sometimes we have had an instance of it in this city where a manufacturer made an addition to his plant, and instead of supplying it with machinery for the various departments, he only supplied it with machinery for one department. The result was that, in order to get the necessary product to run that department, he had to run the other department nights. Now, when he built the addition, if he had equipped it with the requisite machinery, he would not have had to do that. This was one instance, but during all the progress and history of the cotton industry in this city our manufacturers always have got along without work-

ing overtime to fill their orders up to 2 or 3 years ago, and the innovation in this matter by this man was the cause mostly. He was the cause of the other manufacturers wanting to do the same. If he had never done it, there would not have been any other manufacturer in the city of Fall River attempting it, and they said: "Stop him from doing it, and we will stop doing it." That shows that they were doing it for their own protection.

At 1.15 p. m., the subcommission took a recess until 2 p. m.

The subcommission met at 2.23 p. m., pursuant to recess, Mr. Clarke presiding.

Mr. Thomas O'Donnell again on the stand and examination resumed as follows:

Q. (By Mr. LITCHMAN.) I would like to have you give us a little information as to the rate of wages per day, per week, and per year.—A. The wages among our people differ to a certain extent on account of the difference in the length of the machine. Our men are earning at the present time from, say, about \$12 or \$11.50, the lowest, up to about \$18 per week—that is, providing they work all the year round. It is a very rare occurrence for our men to continue in their employment regularly. On account of the physical strain and the exhausting nature of their employment, they have to leave their work at certain periods for rest. Those that can stand the physical strain work more days than others, but the most industrious probably of our men will take at least a few days every month. It is very rare where they would work probably 5 or 6 weeks without taking a few days for rest, and sometimes more. Then we have the holidays to contend with, and at times we have the losing of the mills on account of the stagnation of the market. The prices paid at the present time are exactly what were paid in 1892, I believe—just the same price list, just the same amount as was paid in 1892.

Q. Was there a reduction between 1892 and 1897?—A. Between 1892 and 1897 we have had two reductions, and we have had two advances of just the same amount.

Q. How long did you work under the two reductions you speak of?—A. That I could not say exactly, but I think we must have been working under one of them two years at least.

Q. Can you locate about the time of the first reduction?—A. The first reduction, I believe, was in 1893; the second in 1894.

Q. And they continued about two years?—A. Yes; I think it was about that time. The second occurred at the time the strike took place here in the city in 1894.

Q. Did you at that time have employment full time during the year?—A. With the exception of the time during the strike, I believe.

Q. The manufacturers prefer to keep the mills employed all the time, do they not?—A. At times, some years ago, they preferred to reduce wages and keep running full. But the question of curtailment of production, and what will help the market instead of continually producing, is agitated to a certain extent, and many of our manufacturers advocated a curtailment. As the result of that, we had a curtailment last summer, although a few months previous to that, before any curtailment took place, some of the mills were working nights.

Q. With the exception of that, you ran pretty full time during 1900?—A. Yes.

Q. I have seen in the papers some expression concerning the present condition and the outlook for the immediate future in your trade. Have you anything to say on that question?—A. Well, the outlook is not very bright at the present time, and that is the surprising part of it. Why men will advocate long hours and run overtime when conditions exist as they do, I can't understand. We have at the present time mills belonging to the New England Cotton Yarn Company, both in our city and New Bedford, which are partially closed down. We have at the present time 11 spinners out of employment in one of the mills, 12 in another, and 5 in another, belonging to the yarn mills; and those men we are paying \$4 per week now.

Q. Is not the desire of the operators to run their mills due to the fact that their fixed charges are the same whether the mill is running on half time or not?—A. The taxes and insurance and other things are all fixed charges, and the salaries of the superintendent and overseer go on, but the rest of the help, of course, sacrifice their pay.

Q. Is the feeling general among the workmen that they would prefer working the short time rather than to have a reduction of the wages?—A. That is the prevailing opinion and the desire also of our people in this city. They would prefer any time a curtailment of production to a reduction of wages, because they say that if the market is stagnated, reducing wages lowers prices, and does not help it; if the goods are not in demand, you must curtail the product until the demand is created. That is how they think the matter over, and that is also the opinion of many of our people in the city, and many of our manufacturers also believe it; that is, the better manufacturers. I do not say it is the general opinion of the manufacturers; some would run all the time, because we know very well in a business way that when there is a depression in business the one thing some of them look for is to lower wages, and it invariably causes a fall in prices, because the consumer will think that if you can

reduce wages you can manufacture for less cost, and that they ought to have the benefit of the reduction.

Q. Do you find that after the price of labor has been reduced it is difficult to restore it to the former rate?—A. It is always difficult to restore it. I heard the statement that a manufacturer made in New Bedford of the enormous voluntary advance of wages. He said it was voluntary. He gave the voluntary advance simply because the advance was given in this city, and because whatever this city does in regard to advances or reductions other cities accept. Wages were advanced here in December, 1899, and the result was that New Bedford fell in line also, and that is what he calls a voluntary advance.

Q. (By Mr. LITCHMAN.) In giving the statistics of benefits and so on of your organization, I think you did not give the amount of the fee necessary to join the association, did you?—A. Oh, yes, 25 cents weekly dues; no initiation fee. You pay 25 cents and you commence work. The biggest stranger that ever came into the city can get employment, and when he gets employment, he begins to pay his dues, and we treat him just the same as anybody else.

Q. Have you any system in connection with your mule spinners' union whereby learners can learn the trade?—A. You must learn the trade from boyhood. You can not take any man and make a mule spinner of him. He must have learned it in his boyhood; it has to grow up with him from childhood. I grew up with it from nine years old. Children growing up now have a great advantage over the children of a quarter of a century ago, as they have better chances to get an education. We had to work our way. In fact, I know there are married men in the city of Fall River to-day who are not mule spinners and who work in the mule room as boys.

Q. May I ask how old you are?—A. I was born in 1852.

Q. Have you worked at the trade all your life?—A. With the exception of five years.

Q. You learned the trade in the old country?—A. I learned it in the old country, and I came here in 1873, and have been here all the time except five years during the strike of 1879 when I left the city.

Q. Have you any complaint to make of the sanitary condition of the mills?—A. There has been a great deal of improvement in the sanitary conditions of the mills, and there is a lot of room for improvement. That is, the ventilation in many of the mills in the summer time is very defective. Some mills, you will see, have rotary fans in to furnish artificial air, and in others they will not have them. Still there is a tendency to improve. Of course, modern mills have adopted a good many of these improvements, whereas the old ones will abstain from adopting them as long as they can, on account of the expense.

Q. You approve of all the laws adopted by the State tending to regulate matters in the direction of better sanitation?—A. Yes.

Q. And for safety appliances to protect life and limb?—A. Yes; certainly.

Q. Do you care to express any opinion as to the general principle of arbitration for the settlement of disputes?—A. We are in favor of arbitration here in this city. We have discussed the matter at our meetings, and we have offered to arbitrate disputes with our manufacturers. But, generally speaking, they have refused. Individual manufacturers, during the last dispute we had here, were willing to abide by the decision of the arbitrators, whereas others were opposed to it. Now, we were willing at that time to abide by the decision of any disinterested party to settle the dispute for us. Their statement or excuse is that they would be giving their business away in case it was left for arbitrators to decide the matter, if they gave up their books into the possession of the arbitrators to find out all the workings of their corporations, and that was a personal matter to themselves, and they did not want to make it public; that was the sort of an excuse they made. Still we favored it, and we do now.

Q. Has the subject been considered among your organizations?—A. It has; and it is in the preface to our constitution, which is also in favor of arbitration.

Q. Have you gone far enough to consider what legislation you would recommend?—A. No; not so far as that. Of course, there are objections raised to compulsory arbitration; but, if either our case or the manufacturers' case were just, no one should be afraid to submit to compulsory arbitration. That is the way I look at it.

Q. Would you be willing to go as far as this, that an examination should be compelled under the reason for the dispute?—A. Yes.

Q. Even if you did not go as far as to have a law that would compel both sides to arbitrate and abide by the decision of the arbitrators?—A. Certainly; I would be in favor of anything at all. I would say this, with regard to the clashes that occurred from time to time between capital and labor, that there ought to be some means of preventing these troubles, some means that is fair and just, we believe capital should have a fair return on its investment, and that labor also should have fair wages. If we could get along some way in settling disputes without having to resort to strikes to enforce our demands, it would be better for all concerned.

Q. Did you have any system of sick insurance or accident insurance, aside from what you mentioned?—A. Nothing in our laws beyond what I have mentioned.

Q. What fines or penalties are enforced for imperfect work?—A. We do not have any in our department.

Q. I judged that.—A. All there is about it is this: If you are not giving satisfaction of course you are discharged and make room for somebody else. There is no fine in our department.

(Testimony closed.)

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. JAMES WHITEHEAD,

Representative of the Weavers' Progressive Association of Fall River and Vicinity.

The subcommission being in session at the Mellen House, Mr. Clarke presiding, at 2.43 p. m. Mr. James Whitehead, of Fall River, representative of the Weavers' Progressive Association of Fall River and Vicinity, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By MR. CLARKE.) Please give your name and post-office address?—A. James Whitehead, Fall River.

Q. What is your official relation to organized labor here?—A. I am the Secretary of the Weavers' Association.

Q. How many members are there in the association?—A. About 2,800.

Q. Men and women?—A. Men, women, and minors.

Q. Does it embrace people who are employed in all the different mills?—A. All where there is weaving carried on.

Q. Have you any prepared statement which you can submit, or do you wish to be interrogated?—A. I have no prepared statement to make, but I have looked over the list of questions, and I think I am prepared without any statement to give my answers to some of these.

Q. Proceed in your own way, then, to speak on any of those topics that interest you?—A. With regard to the first question, as to the constitutions and regulations of the several trades unions, of course, every trade union makes its own laws and we have different views and benefit features. That is a matter for the local unions to decide between themselves, and I can only speak for the organization that I represent and the benefits we pay. The weavers are as a body very numerous. They comprise probably one-third of all the labor in a mill where there is weaving carried on. We are a voluntary organization; there is nothing in our constitution and no attempt is ever made to compel or try to compel persons to join the union, unless they want to do so of their own free will; and there is nothing to keep them in the union if they feel like leaving of their own free will. It is simply a matter of a voluntary organization. Our dues are 10 and 15 cents a week. We charge no initiation fee. We have two scales, one 10 and one 15; and the members that pay 10 cents a week in 26 weeks, that is for all benefits they receive in case of a strike brought about by the association or in consequence of a strike in some other department of the mill, receive \$3 per week. The members that pay 15 cents a week receive for the same cause \$5 a week. Also in cases where we have a breakdown and the people are thrown out of employment, we pay \$3 for 10 cents a week members and \$5 for 15 cents a week members. In case of death we pay \$40 for the man that pays 10 cents a week, and for the man that pays 15 cents a week \$60. I may say that these benefits are exceedingly large for the amounts that are paid, and it might seem impossible that we should pay such large benefits. Of course, we have got a surplus fund that brings in considerable for interest, and that helps to pay the expenses and to pay some of the benefits. I think that is all I have to say on the first question.

Q. Proceed from point to point as rapidly as you can conveniently.—A. In regard to the second question, "Growth of trade unionism," etc., I can only speak on the growth of our trade union and the proportion of employees in our own union. I can not speak for others. That is a matter, it seems to me, that the committee could get at by referring to the reports of different States, the bureaus of statistics, figures that are printed annually or semiannually. I can only say that our trade union has had a healthy growth these last few years. The people have begun to see the benefits of being organized. The proportion of employees who are embraced in the membership varies. We have no restrictions in our union in regard to a member coming in again to the union provided he leaves us, and consequently, I suppose we have had in our union these last few years probably 7,000 or 8,000 members. Since we organized, I suppose we have had at least 10,000 members, because there is nothing whatever that restricts them from rejoining the union again if they feel so disposed. I want to say that the total percentage of employees belonging in this city

is exceedingly large, considering the whole number of employees. There are very few trades unions that have furnished as many employees, because people are coming here constantly and people are leaving. Since 1896 we have paid out in the neighborhood of \$5,000 in death benefits alone, and we lost 110 members through death. As I say, people are coming here all the time, and I think our percentage in the union is very high.

Regarding the third question, "Incorporation of trades unions, feasibility and legal effect," we have considered that matter and do not consider that it is necessary for us to be incorporated, as our by-laws would have to be approved by the secretary of state. There might be something in those by-laws that, while it is necessary for us to have it in, the State might not feel disposed to sanction, and might therefore refuse to grant us a charter with those by-laws or certain articles in the by-laws; consequently, for that reason, we have not made application and do not think it is absolutely necessary that we should be incorporated.

In regard to the fourth question, "Relations to nonunion labor and the right to liberty of contract," I do not know that there is anything hindering there. Whether he is a union laborer or a nonunion laborer an operative has a right to liberty of contract if he is over a certain age. There is no contract for women and minors.

"Unskilled labor, unorganized and organized," is the subject of the fifth question. We have an organization of skilled labor, and there is an organization of unskilled labor; and if that question means what proportion of skilled labor we have in the organization, or whether the organized laborers are more skilled than the unorganized, I do not understand. A weaver must be more or less skilled to do his work, and some are more skilled than others. Of course, that depends on the length of time they have been weavers and the different classes of work they work in.

On the sixth, "Strikes, arbitration and contract labor, enumeration of the several causes leading up to strikes," I would say in regard to that the causes leading up to strikes are so numerous that it would be impossible for me to enumerate all the causes for strikes. I suppose the majority are caused by disputes as to the rate of wages that should be paid, and sometimes they occur because of tyrannical acts of overseers and corporations; sometimes they are caused through impositions on the help, or what the help think to be impositions, practiced on them. It is sufficient to say that there are at certain times causes for strikes.

Strikes are a necessary evil and are sometimes very disastrous to the community. They are like wars. We never know when they start what will be the result. They may last a short time, and they may last a considerable length of time, and the result may be very disastrous. I do not think we have had a strike in this city of very large extent but what it affected directly or indirectly every person—man, woman, and child—in this city, as the city is largely dependent on the cotton industry; consequently, the wages and the loss of wages, and the time that everybody would lose through that strike would certainly affect not only those who work in the mills but those dependent for a livelihood on account of the mill running.

"Methods of strikes, the boycott, the black list, picketing or patrolling," etc., the eighth question. We always try to conduct a strike peaceably. We never advocate any radical measures. We do not advocate destroying property, as we believe that the working people can get better results by peaceable means than by the destruction of property, which is something, of course, that we do not approve of. Sometimes, where there are a great many people involved, it is pretty hard to keep them all under subjection, and we are not all of one disposition. We have some very radical and some very conservative. But so far as we are concerned as an organization, we endeavor to do all we can to have the people conduct a strike in a peaceable manner.

"The importation of new or foreign labor under contract, or otherwise," the ninth question. I am certainly opposed totally to the importation of contract labor, because I believe that it has a tendency to create a good deal of trouble, and I do not think it is right that labor should be imported under contract. If a man is going to work, he ought to know and thoroughly understand on what conditions he is going to work, and I do not believe that anybody should be imported here. There are workmen who are citizens, and who are sometimes taxpayers, out in the street to give room for somebody who has no interest in the community only for the man he is working for. And in this contract labor sometimes the contractor is the only person that reaps any benefit. The contractors hire these persons at very small wages, and the amount of money that a contractor makes is certainly considerably more than what the laborer makes. He does not import these people for their own welfare; it is done for his own welfare, and we have instances of this kind right in this city. We had trouble, I think, up near Clinton, where the legislature was going to have an investigation, on the matter that men were working for very low wages and the contractor was making all the profits.

In regard to the tenth question, "Conciliation, mediation, and arbitration," etc., I am one of those who firmly believe in the method of arbitration, and we have it in our constitution that we are willing to arbitrate any differences between the manu-

facturer and the help. And if there is any grievance or any difference of opinion, whether it is on a question of wages or conditions of work, I believe that the parties directly involved, if they can settle the matter, it is a great deal better to do so than to bring in a third party. That is what our constitution means. It does not mean to say that we want to send for somebody that does not understand the work. But we are willing at any time to meet the manufacturers and arbitrate a matter between them and their own employees and those that are directly concerned. In regard to the State law, we have an arbitration board appointed by the governor and confirmed by the council. Since they were appointed I think they have done good work for the State. I think they have in some cases been the means of preventing strikes and in some cases the means of settling strikes that would not have been settled except by the board. In those places when a strike comes up and there is no chance of getting together, then the arbitration board have been successful in getting the parties together, who otherwise would not have got together and settled the matter. But I am certainly opposed to having the arbitration committee wait until a strike occurs and then come in and try to settle it. I think that if there is any dispute of any magnitude, the State board of arbitration ought to be informed about it and try to bring both parties to it to a settlement. As far as the strike goes, I think when a strike occurs there comes a bitter feeling, and it is a good deal harder to settle the matter after the strike than it was before.

In regard to compulsory arbitration, the eleventh question, I am certainly opposed to that, because that would depend a great deal upon the personnel of the board. If you had a board of arbitration and it was prejudiced, certainly one or the other of the parties would not get justice; and, while human nature is not perfect, and you have compulsory arbitration, it would be certainly a very dangerous precedent unless you could get men on the board who were not prejudiced on either one side or the other. Of course you would have to depend on what kind of a board you got if you had compulsory arbitration. And not only that, but it is a question as to whether, if you had compulsory arbitration, what means you would adopt to make the people go to work, no matter if the board gave the decision. I do not see that you can do that. I do not see that you can make a manufacturer pay a certain rate of wages if he does not feel like paying it.

"The injunction in strikes," the twelfth question. We believe that nobody ought to be arrested and tried as in injunction proceedings. If he wants a jury he ought to have it, and every man ought to have the benefit of a doubt. No man ought to be imprisoned without he has been convicted and found guilty beyond a reasonable doubt.

In regard to wages and methods of payment, I would say that we have a weekly payment law, and I think it gives perfect satisfaction. It gives the operatives an opportunity to purchase at the lowest cost and to go in and purchase where they feel so disposed. When they had monthly payments there was a good deal of credit business. I think the weekly payments have done away with much of this, and, consequently, it is better for the operator. I think there is no one at the present time that wants to return to the monthly payments. I think its advantage over the monthly payment is that it is a benefit to the working people.

In regard to time work, there are very few of the operative weavers who are employed by the day. I suppose that 95 per cent of the operative weavers are employed by the piece, and for overtime work, of course they do not get any more pay. They get the same rate of wages for overtime work that they get for day work. They get paid so much a cut, and it depends upon what class the goods is. The pay is by the piece, with the exception of a few that might be weaving some cloth, and they might be paid by the day, but the number is very small.

Q. (By Mr. LITCHMAN.) How many hours will a cut take?—A. That depends on what is the class of cut.

Q. The length of the cut depends on the weight?—A. It depends on the buyer. If the buyer wants a certain length of cut, the manufacturer has got to weave it.

Q. You would not get as much on a cut of 75 as you would on a cut of 36?—A. No.

In regard to the sliding wage scale, we have had some experience in a sliding wage scale, not the one that has gone into effect between the manufacturers and operatives. We did draw up a sliding scale, but we could not agree, and consequently it was not adopted. I think that the last reduction in wages or the last advance in wages was given with that consideration, that we were to consider a sliding scale of wages, and we did so; but, of course, both parties could not agree, and since then there has been nothing done about it.

As to question 16, "The living wage; the standard of living," of course that varies in different sections of the country. It is not altogether what a person earns; it is what he can live on that makes the living wage. In some places one can live a good deal cheaper than in others. In the South, for instance, the commodities and the cost of living are lower than they are here, and consequently it is necessary that with a high cost of living there must be high wages. Where there is a low

cost of living there will be low wages, because a man can not afford to live at a high cost and get low wages. Those are two of the things that go hand in hand.

Seventeen, "Store orders and payment in kind." I do not know that there are any store orders here. In some of the small villages in this State I believe there are, but there is no compulsion here that I am aware of in regard to stores and orders. But in some of the mills the operatives, if they want a ton of coal, or half a ton, or a suit of clothes, can go to the office and get a note and go to certain stores and have it charged, and have so much a week taken out of the wages. When a man wants a ton of coal he can go to a store and they take so much a week out of his wages. But it is not compulsory.

Q. This question applies more to places where they have company stores and where the pay is almost universally in orders on the company store. That does not apply in Fall River?—A. It does not apply in Fall River.

Question 18, "Fines and penalties." I think the weavers are the only ones in the mills subject to fines, and that has been a matter that has caused a good deal of dissatisfaction and in some cases strikes, because we do not think that the manufacturers should judge of the fact that we were opposed to fines on principle. The weaver is the only one in the mills that has everybody's work to contend with—first when it comes to the weave shop, and if the work is spoiled, then the weaver has to contend with all the work that goes down. We do not think it is right that weavers should be fined. They have got the right to discharge them, but we do not believe any overseer or any superintendent or any agent of a corporation shall constitute himself a judge and jury without the weaver having something to say about it. We have a law on the statute books to-day which I think is a fair and equitable law. If a weaver makes an imperfection, and that weaver is shown the imperfection and admits that he did it and they fine him, then it is all right; but if the weaver says it is the best he could do with the materials, in some cases they fine him and discharge him. In New Bedford they have had some considerable difficulty with this fine system. One case we took to the supreme court, and it cost the federation over \$500 to test the constitutionality of the law as to whether they could fine a weaver when the weaver was not agreeable to it.

Q. What was the decision?—A. The suit was dismissed. This mill had posted a notice and the weaver had been fined and accepted the fine. Therefore the decision was that as the notice was on the wall and that the weaver having been fined before, he, according to the conditions, had no recourse. Hence the court gave an adverse decision. It was on a question of law—not altogether on the constitutionality of the law, but on a question of law that this weaver had been fined before and that he had seen the notice on the wall and had agreed to it, although the law distinctly says that if the weaver objects that he should not have been fined, then they could discharge him.

With regard to factory tenements, it is not necessary for me to go into that, as the other witnesses have covered that ground satisfactorily.

Q. Do you find your present condition in relation to fines and penalties an improvement over what it was 15 years ago?—A. Fifteen years ago, in this city, there were very few mills weaving fine work. The work was all on coarse goods and prints. There has been a radical change in the goods woven in the last 15 years.

Q. When did you first commence your agitation for the State law against fining?—A. I think they commenced the agitation about 10 years ago—in 1889—against the fining system, and had a law passed, but it was declared unconstitutional. Then they had another law passed, and it was that the weaver could not be fined unless the weaver was agreeable; that both parties must agree before the fine can be imposed. What brought about the enactment of a law to prevent fines was the injustice and great imposition that had been practiced upon the weavers by fining them, on the part of overseers and superintendents. Cases were cited where black oil dropped off the shafting on the cloth, and they fined the weaver; cases were proved where they had been fined for something entirely beyond their control.

Q. Have you not had some improvement of late years over that condition?—A. We have; but what has brought that about is organization. There is some fining, but not on a large scale, compared with other places.

Q. You have not had as much assistance from the law as you thought you would get?—A. Not so much as from our own organized efforts.

Q. But you have eliminated this matter to some degree?—A. To a certain extent, yes.

Q. Now, you may pass on, if you please.—A. With reference to wages in different cities and sections. Here we have only one grade of goods, that is print cloth. They are all one price in all the mills, but other grades of goods have different prices. As regards print cloth, that is supposed to be the standard and the barometer by which the cloth market is governed.

As to the twenty-second question. I think the social conditions have been improved in the past 50 years. By legislation, the age at which children shall go to work has

been made higher. We have a 14-year law in this State where formerly, I think, children of 10 and 12 were allowed to work in the mills. "I know I went to work at 9 years of age; but of course we did not have to work as hard then as we do now. That was in the old country. We worked half the time in the mill and went to school the other half day.

On the twenty-third question: I think the influence of organized labor is toward keeping up the rate of wages, and also that it improves the condition and prevents in many instances the impositions that would be practiced on labor but for the organization.

As to the increase or decrease in number employed in the several industries, excess of employees, and the unemployed: In some industries they go by seasons and a good many are thrown out of work. That depends on the condition of trade, of course. If the condition of trade is prosperous and all working every day, there is a smaller number unemployed. Whenever there comes a stagnation in business and the corporations shut down, people are thrown out of work.

"The effects of new improved machinery on labor:" Improved machinery helps to turn off considerable more work than we used to do with the old machines. It used to be considered a good product to turn off five and a half cuts of print cloth. That used to be exceptional. Now, we find women turning off 6 cuts a week, and perhaps the average through the city would be 5.60 now. So the average now would be as much as was considered at that time remarkable. Of course the work has been improved in consequence of the introduction of improved machinery, thereby making the work better for the help. They turn off more production, and the work is better.

As regards the effect of the employment of women and children on themselves and on male employment: To refer to the way we have to work now at the present time, I would say that it is simply a rush from the time they come in the mill until they go out; it is work. They speed the machinery so greatly that all have to keep at work. There is not now the time there used to be for a woman to take her knitting and sewing. I know from personal observation and knowledge that some women that work in the mills are so physically worn-out that they come home at night and get supper and have no disposition but to go to bed. I believe the hours are too long, for both women and minors, for the interest of the next generation.

Q. (By Mr. CLARKE.) If the number of hours of labor per week were lessened for women and minors, would that necessitate diminishing them the same for men?—A. Not necessarily.

Q. Could all the machinery be run and the production made equally profitable if the hours for women and minors were reduced?—A. All the machinery could not run, but some portion of it could run. It does not necessarily mean that if the hours of labor are reduced for women and children that it means for men, too. That is an erroneous statement that has been made and is misleading to many. It does not mean less hours for the men.

Q. It would mean a smaller production by the mill, with less profit from the use of the machinery?—A. That is a question, whether a man would not do as much work in the year at 8 hours a day as he would at 10.

Q. Do you think he would?—A. I think he would; not in a day, but in a year.

Q. Do you think that opinion is generally entertained by the people in the mills?—A. I think it has been demonstrated beyond question.

Q. (By Mr. A. L. HARRIS.) Shortening the hours would not then relieve the over-production, would it? Sometimes they shorten the hours in order to lessen the production when there is danger of too much production?—A. The speed of machinery is increased and new machinery is introduced, whether you lessen the hours of labor or not. In this State, since 1875, there have been 2 hours taken off the workroom, and yet the increased speed of machinery has more than increased the production in proportion to the shortened hours of labor. This is constantly going on. If new and improved machinery means anything, it ought to mean a reduction in the hours of labor.

The school age of children in the several States varies. It is probably from 10 to 14 years; I believe in one State it is 15, and in the South they probably have a less age at which a child can commence to work. I think the minimum would be about 10 and probably the maximum about 15.

Some of our help are employed the year round, except when they take a day off of their own free will. The mills here generally run the entire year, one year after another. There have been times, of course, when they shut down, but they are not subject to periodical seasons, as some other industries are.

We have no such thing as apprenticeship in the mills. That system is generally where they have more skilled work.

As to hours of labor in different trades: In New Jersey they have the lowest hours of labor for women and children. I believe they have a 55-hour law there. I suppose they have from 55 to 66 in the South.

Q. (By Mr. CLARKE.) You would like to see the labor laws of the other States brought up to the Massachusetts standard?—A. I would certainly like to see a national workday of 9 hours.

Q. You think a national law would be better than to leave the matter to the States?—A. I think so; and I think that a thing that will be brought about at some future date. I realize the difficulties that have to be encountered before such a law can be enacted, but I think eventually it will come. The hours of labor ought to be the same all through the country.

Q. Are you familiar with the efforts being made by trades unionists in some of the Southern cities to bring that about?—A. The operatives in the Southern States are at the present time much interested in bringing the hours of labor down nearer to what they are in the other States, and I have no doubt they would be glad to see Congress take up this matter and pass a national law for textile workers. When we see that able-bodied men in skilled trades have got their shorter workday, not through legislation, but through their organization, and we see women and children toiling in these mills from 58 to 66 hours a week, I think it is too long, and Congress ought to do something for the benefit of the country and of these women and children and the rising generation. While I realize that anybody who has not worked in the cotton mills might not appreciate this as fully as we do who are brought in contact with these people day after day, if they knew what conditions they have to work under and know the complaints they make of the hard work they have to do, I think they would realize this agitation for a shorter workday is reasonable, and that it ought to be brought about. I know this from my experience among members of our organization. It is a general complaint, "I feel that tired at night, I go home and get my supper and do not feel like going out at all, but go right to bed." As I said, anybody who works in the mills now knows it is not like it was 25 or 30 years ago, because the speed of the machinery has been increased to such an extent, and they have to keep up with it. In some mills in this city, and probably in other cities in this State, the operative is compelled to turn off so much production per week, and if the production does not come up to the point, he or she is discharged. You have got to get this production out or somebody else takes your work, and you are out on the street. I have known weavers who were so afraid they would not get the amount of work off that they have actually gone home and could not sleep, thinking about what the result would be if they did not get it off. There was a time when that was not the case. They took their sewing and their knitting along, and there was no anxiety about how much work they could get off, but it is so now. Possibly that may seem to some to be overdrawn, but it is not.

Q. Do you recognize this as a necessity of the manufacturer in this age of competition, or do you think the practice could be amended here without the cooperation of other States?—A. I do not think there is any necessity for saying to a weaver "You must turn off such a production"—really more than he can turn off with comfort. I do not think it is necessary. I believe the operatives go in a mill to work, but not to get off more than is reasonable.

Q. What is the desire of the operatives themselves in regard to that? I understood you to say they are at work by the piece. Do such of them as are strong and expert desire to make as large an output as possible?—A. They do that without being driven.

Q. Do you wish us to understand that you think the requirements are generally unreasonable here?—A. In some mills, certainly. I have seen as many as 15 discharged in one morning because they did not get off a certain production.

Q. You think the requirement was excessive and unreasonable?—A. Yes; because as a matter of fact they had no control over the machine. It was liable to break down; but if it broke down without any fault of the operative, it made no difference. There was no excuse. You must produce without counting for stoppages as much as the machine will produce without stoppages.

Q. Was that a recent occurrence or some years ago?—A. That happened some years ago, but it is an occurrence at the present time. In some mills they have a board on the wall and put on it a cross with the name of the weaver that did not get off sufficient production. I only meant to show you the difference between what it was formerly, when people worked with comfort, and what it is to-day. Now they work from the time they go in until they come out. You can see them going to-morrow morning at 10 minutes past 6, and they will not come out until 6 to-morrow night.

Q. What remedy would you suggest?—A. Shorter hours of labor for women and children.

Q. You would suggest that by national law?—A. By national law if it is possible to bring it about.

Q. (By Mr. A. L. HARRIS.) You advocate the shorter workday. Would you increase the price per piece?—A. Under the shorter workday they would pay the same as they do now. You do not get any more on the piece for working 58 hours than by working 60 hours.

Q. You say you get small wages now, and if you reduced the day to 8 hours you would reduce the price in proportion?—A. The reduction of the hours of labor would only affect the wages of those employed by the day and not by the piece work.

Q. Are you employed by the day?—A. I was employed by the piece.

Q. You are employed by the piece?—A. No; I do not work in the mill.
(Testimony closed.)

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. JAMES TANSEY,

Secretary of the Carders' Association of Fall River, Mass.

The subcommission being in session at Fall River, Mr. Clarke presiding, Mr. James Tansey was introduced as a witness at 3.30 p. m., and, being first duly sworn, testified as follows:

Q. Will you please give your name and address?—A. James Tansey, Box 353, Fall River, Mass.

Q. (By Mr. CLARKE.) What official position do you hold in connection with organized labor?—A. I am the secretary of the Carders' Association of Fall River.

Q. How many members has your organization?—A. About 1,200.

Q. Does that embrace a large proportion of the carders in the city?—A. I would like to say in answer to that question that in the department which I represent there are men, women, and minors. The minors—young girls principally—and the women are a large proportion of this department, at least 75 per cent, but out of the membership of 1,200 about 1,000 are women.

Q. You have heard the testimony of Mr. O'Donnell and Mr. Whitehead, have you not?—A. Yes.

Q. Do you as a general thing endorse the positions taken by them?—A. I do.

Q. We will be pleased to have you proceed in your own way to express any further views that you may have on any phase of this question.—A. I do not know as I could say anything more than has already been said. I would be better pleased to answer any questions you may wish to ask, but if it is your desire that I express my opinion, I will do the best I can.

First, in regard to constitutions and regulations: The constitutions and regulations of the textile trades in this town are all about the same. The initiation fees and the dues are somewhat different. As I stated, there are men, women, and minors employed in our department, and their wages are graded according to the work they do. The women and minors, who are in the majority, only do minor work and receive from \$3.65 to \$4.50 a week. The men—what are termed the card strippers—receive from \$6.50 to \$7 and the tenders about \$6. The card grinder will get all the way from \$9.25 to \$12.50, in proportion to the number of cards they have to look after. Sometimes the speedier tenders will get all the way from \$8 to \$9.75. For that reason, on account of the differences in prices for the work they do, it is necessary that we should have a difference in the price of dues. We have 10, 15, and 20 cents dues. As to benefits paid, we pay for strikes, lockouts, accidents, and breakdowns. Those who pay 10 cents a week, we pay \$2.50; those who pay 15 cents, we pay \$4. For death claims, we pay to our members who pay 10 cents dues, \$20; for the members who pay 15 cents, we pay \$30; for the 20 cent members, we pay \$40.

Q. Do you pay anything for a breakdown unless it lasts more than a day?—A. No; a breakdown must last 6 consecutive days before those affected come under the benefits of the organization.

Q. You pay for all the time they are out?—A. For all the time up to 6 weeks.

I think trades unions have grown considerably in Fall River, particularly in the last 10 years. Ten years ago there was no organization except that of the spinners, and since that time 4 other organizations have come into existence.

Q. Do any of the manufacturers refuse to treat with the representatives of the unions?—A. That has never been my experience as yet when I have gone on any grievance which has been submitted to me by the help in the mills.

Q. Do you think the relation between capital and labor has steadily improved here in recent years?—A. I am sure it has.

Q. You think that improvement is due partly to the union, which gives the men power to force conferences between the manufacturers and the working people when changes have to be made?—A. Yes; I do. I do believe it is due in part to the organizations and those whom they have to represent them. The organization, in my opinion, has become educational to the operative, and, as one of the witnesses testified, where there is no organization there is nobody to control them, nobody to

give them advice, and they become impulsive, and the first thing you know they are out on strike. Now, since organizations have become a permanent feature here, they are compelled by their constitution, before proceeding to strike, to notify the chief officers of the organization, and unless they do this they sacrifice any benefits which the organization pays. This has had a great effect in preventing strikes which certainly would have occurred if we had no organizations here.

Q. Is there more or less surplus labor in the several trades in this city?—A. Yes; I should say there is some surplus labor in the city.

Q. So that in case an operative is taken sick or gets tired and needs a little vacation it is not difficult to fill his place?—A. No.

Q. Is there much going from one city to another by your operatives?—A. Not as a general rule; when they come to Fall River they generally get steady employment and settle down and stay here.

Q. There is a general feeling of contentment here as far as the place and its advantages are concerned, is there not?—A. Yes; with the exception of some of the French Canadians. In the summer months some portions of them take a trip back to their own country. I presume they work on the farms there and then return in the fall of the year. That is not carried on now to the extent that it used to be.

Q. In periods of unemployment have the manufacturers and the people generally been inclined to be liberal and charitable toward those who are unemployed, and especially toward any who are in distress from sickness or extreme poverty?—A. I do not know as I could say anything in regard to the manufacturers and business people; all I know is I have generally found that the labor organizations in this town have been the greatest philanthropists toward the operatives. We never allow a case of distress to go without doing something to assist. I do not say but what the business people in the town may be approached individually by a number of people that we do not know anything about. I can not speak of that because I do not know about it.

Q. Have the manufacturers who own tenements allowed the rent to go unpaid in times of unemployment?—A. I could not answer that; I do not know.

Q. What have you to say about the public school system in Fall River?—A. I think it is very good.

Q. The children of operatives generally attend and get well fitted for life?—A. Yes; so far as I can see.

Q. (By Mr. A. L. HARRIS.) Have you any suggestions to make as to the amendment of your laws for the sanitary conditions and personal safety in the mills?—A. I do not know that I could suggest anything. I always find that where the sanitary conditions are not as they ought to be if report is made to the proper authorities it is generally attended to.

Q. Are the factory inspection laws well executed?—A. Yes; I should say they are pretty well executed. There are instances where the inspectors are somewhat handicapped owing to the fact that the law is not just as clear as it ought to be.

Q. Have you, as an organization, ever made any complaint in regard to their execution?—A. Yes.

Q. Was the complaint responded to?—A. Yes.

Q. How about the law regulating the employment of women and children?—A. I can not say that it is observed as well as we would like to see it observed. In some of the mills they are running until 10 o'clock at night, and we feel that where people work 10 hours in one mill and then work in another mill until 10 o'clock at night there is a violation of the law. The inspectors are somewhat handicapped because they have no opportunity of convicting.

Q. You think the law is sufficient, but that it is not executed?—A. No; I do not think the law is sufficient to prevent these people from being employed. We had a trial recently where such a violation did take place, and the ruling of the judge was to the effect that there was nothing in the law to prevent such employment.

Q. Do you recommend uniformity in regard to industrial legislation by all the States?—A. Yes.

Q. Wherein would the advantage be?—A. The shortening of the hours of labor and the uniform hours of labor. It would bring about a lesser production. The demand being equal, the lesser production would have a tendency to advance the price of the production and the wages of the operatives would be better than they are at the present time.

Q. A uniform law would be better both for the operator and operatives, would it?—A. In my opinion, yes.

Q. And make it stable all over the country?—A. Yes.

(Testimony closed.)

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. JOSEPH G. JACKSON,

Secretary of the Slasher Tenders' Union of Fall River.

The subcommission being in session at the Mellen House, Mr. Clarke presiding, at 3.50 p. m. Mr. Joseph G. Jackson, of Fall River, secretary of the Slasher Tenders' Union, was introduced as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) What is your name and post-office address?—A. Joseph G. Jackson; post-office box 221, Fall River, Mass.

Q. Do you sustain official relations to organized labor?—A. Yes; I am secretary of the Slasher Tenders' Union of this city.

Q. Of how many members is that union composed?—A. We have about 158 members. It takes in practically all the men employed in that business in the city; I should say 97 per cent of all the men.

Q. The members are all men?—A. All men; yes.

Q. Do they work by the piece?—A. No; there is only one mill in the city where they are paid by the piece. All the rest work by the hour.

Q. Is the employment steady throughout the year?—A. Yes; for factory work is steady; we have regular employment for our men. Of course the men engaged in our business are subject to the same conditions as others in the mills. It is impossible for them all to work steadily. We have 158 men in the organization, and there are 10 or 11 men on what we call the out-of-work lists. We have to keep that number on that list all the time in order to be in position to furnish a man to anybody who wishes to get out when sick. You see that is quite a large proportion of the total number employed.

Q. Will you please explain what a slasher is and what is the work of a slasher tender?—A. A slasher is a machine that prepares the yarn for the weaver. To give you a short, brief illustration: When the yarn leaves the spinning room it is then put on a spooler, and it is run from the bobbin onto a spool. From the spool it goes to what is called the warper and is run from the spools in number—the numbers running from 250 up to 500—onto a large beam. The large beams are put in the slasher—as many ends as are required in the warp—that is, take, for instance, standard drawn prints, which require 1,784 ends in the warp; that is, in the width of it; 1,784 ends are put in the back part of the machine and run through a size, over two large cylinders, onto a small beam—the weaver's beam—and this machine also measures the length of the cut. That is the work of a slasher; it prepares the yarn for the weaver.

Q. Is it what is commonly regarded as skilled labor?—A. Yes; it is regarded as skilled labor. It takes some little time for a man to learn to become proficient in it.

Q. You have heard the testimony of the other witnesses on labor questions who have preceded you. Do you indorse what they have said as a general thing?—A. As a general thing, yes, I do.

Q. If you have any particulars to add from your point of view, we should be glad to hear you.—A. I should like to say a word as regards our own trade union. We charge an admission fee in our union. We are different from other organizations that have been represented here to-day. It costs anyone that wishes to join our union \$5 to join and the dues are 20 cents a week. We pay in benefits for strikes ordered by our own organization, lockouts caused by strikes in other departments in mills, breakdowns, and fires. We pay \$5 per week to our members and for stoppages or loss of time caused by any one of these things. We do not pay any death benefits only in the event that a man should be killed at his work. If through the explosion of a cylinder a man should get killed, or be engaged in any occupation around his machine and get killed, we would pay the sum of \$50 to his widow or heirs. Those are the benefits we pay. As far as the growth of trade unions is concerned, I would state that 10 years ago there was no Slasher Tenders' Union in existence in this city. We have now a union that was organized in 1894 and, as I stated before, it practically takes in all the men in the city.

As far as arbitration goes, I would state that the operatives, especially the textile operatives, for whom I can speak, have always been in favor of arbitration. There never was a time yet when they had a controversy with the manufacturers but that they were willing to leave the question to arbitration either by the State board or by citizens of our own town, but in every instance that we have proposed it we have always been met by the refusal of the manufacturers. A great deal of fault is found with organized labor. They were looked upon as disturbers, especially men placed in a position like my friends here and myself.

I would state that our position in the labor movement is somewhat unique, as I do not believe there is another city in the Union which employs men the same as the

organized labor do here. Take, for instance, my own organization. There are only 158 men, but they pay me my wages to stay out of the mill entirely and look after their interests. I do nothing else only look after the interests of the Slasher Tenders' Union of this city. It is the same with the other gentlemen here. Their organizations pay them for looking after their interests, and, as I stated, our position in the movement is somewhat unique, and in the minds of some people it seems as though we were almost useless; in fact, it appears to some people as if we were getting a nice, easy living at the expense of the operatives and doing nothing for them in return. We are placed in this position, as I stated, to look after the interests of our organizations. On occasions of this kind, when there is anything, you might say, of national, State, or local importance that affects the interests of the working people, we are supposed to be here and speak in their behalf. Now, in order that you may not be biased or misjudge us, as we are misjudged by some people, I would state that the labor secretaries of this city are really creatures of necessity. It was absolutely necessary on the part of the operatives here to have men like ourselves, who were beyond the influence, beyond the reach, and beyond the power of the manufacturers, to have them to look after their interests, because there would be nothing but turmoil and trouble for the operatives all the time without such assistance as we can give. It is an absolute fact that since the organization of the trade unions and the appointment of permanent secretaries there have been less troubles than there ever were before in the city. There have been fewer petty strikes, there have been fewer large strikes, and there has been less suffering among the people themselves.

Now, when there is a grievance it is not necessary for anybody to complain about it and thereby risk his position. All he has to do is to notify the secretary of his department, and he will go to the agents—and I would say we are invariably met as gentlemen—go to the agents of the mill and have the matter settled; and we can do it without any fear, because the way the operatives look at it we are beyond the reach and the power of the manufacturers, and the black list can not be used against us. It was the terrible black list that brought about the necessity of men like myself and my colleagues being in this position. Fortunately those days are gone by. I leave it to your own judgment whether it was through the force of the organization and men like myself being able to take the part of the operatives that this result has been accomplished, or whether it was voluntarily done at all on the part of the manufacturers. That I do not wish to say anything at all about, but it is a fact to-day that the black list is not used in the city of Fall River.

As regards strikes, the formation of these organizations and the appointment of permanent secretaries have led to fewer strikes. In the latter part of 1897 the manufacturers saw the necessity of posting a notice of a reduction in wages. We thought differently to them, as we always do, and opposed the reduction in wages, claiming that it was not a remedy for the evil. When the evil is overproduction, the only remedy is curtailment, in our opinion; and we met them in conference and all the arguments we could bring to bear would not make them change their minds. They would insist upon a reduction of wages. Against protest, and receiving considerable odium on the part of our members for taking the stand, we advised our members to accept the reduction in wages and wait an opportunity for an advance. The result of that course was that the people kept at work, and our committee was saved the calamity that happened in New Bedford. If it had not been for organized labor at that time there would undoubtedly have been a strike with the result that Fall River would have suffered a severe trouble. As I stated before, it was the organizations and the men at the head of the organizations that averted what I consider would have been a calamity. To show how we look after the interests of our people, just as soon as the opportunity came we put in our petition for an advance in wages; and I would state that in a period of 8 months wages were increased 23½ per cent all through the organization.

Q. Do you trade-union leaders watch the markets?—A. Certainly.

Q. And try to form a judgment the same as the manufacturers do about what they can afford and what they can not?—A. Certainly; and as I say, we are always willing to argue the case. We never say that a certain thing is so and insist we are right without giving anybody a chance to speak, as sometimes the manufacturers used to do in years gone by. When we make a claim or make a statement we are always willing to submit that at any time to arbitration. We never make a claim unless we think it is right and just.

Q. You find entire willingness on their part now a days to confer with you and talk things over?—A. Oh, yes; oh, yes. Since I have been secretary of a labor organization we never have had but one refusal. In that case we sent in a request for an advance in wages, asking for a conference on the question of wages, and the mill management sent a reply back that there was nothing to confer about. Then, of course, we had a talk about that; and in 2 months after that we had an advance in wages of 12½ per cent. That was the only time; we never had been refused a conference, and we in this case got the meeting in the end. They wrote to us that they would like to confer.

In settling minor affairs we always go to the mills and from the highest to the lowest officials we are always met, and in that way a great deal of trouble is averted. There are hundreds of cases that never reach the notice of the public, little minor grievances, that are settled without reaching the ears of the public, merely by our members notifying us and our taking them up and remedying them; whereas if there was no organization and no permanent secretaries, these affairs would grow into enormous proportion, and the first thing you know there would be trouble and strikes. It would be the same as it was years ago before these organizations were in the position they are to-day; you would have petty strikes about every other day.

Q. Do you and your associates recognize the fact that the manufacturers can not employ you unless they can sell their goods?—A. Undoubtedly we do.

Q. And do you recognize the fact that they can not pay high wages unless they can get a fair price for their goods?—A. Yes; we undoubtedly recognize that fact.

Q. You recognize that your prosperity and their prosperity is bound up together, as far as markets are concerned?—A. We do, certainly, although there is a difference of opinion among us at times as to what the profits are. I would state here that a short time ago a sliding scale was proposed—a scale that would regulate wages without this continual agitation in the market and in the labor field. We were perfectly willing to have the scale adopted. The manufacturers submitted a scale which we did not think was fair, and we submitted a scale which they did not think was fair, and the whole question hinged upon the amount of profit there was in a pound of cotton. Now, although we did not think their scale was fair, still we were willing to leave the matter to arbitration, and, understanding that it was necessary to have some good, reputable man—discreet and honorable man—to act as arbitrator, we were willing that any good responsible citizen should be given the power to examine the books and find out whether or not the cost was as great as the manufacturers claimed, we to be governed by his decision in the matter. But the proposition was not accepted by the manufacturers. We were willing at that time and we are willing at all times to avoid trouble. That is why we are in the position we are to-day. It is not to make trouble, to look for it, but to avoid it if possible, and still in the meantime get what we think is right and just for the people of our organizations.

Q. (By Mr. A. L. HARRIS.) Do you get information at the end of the year as to the dividend that is declared by the company?—A. It has been the custom every quarter for the corporations to issue their returns for the quarter, and they have usually been published in the press, and even now quite a number are, but I notice lately some of them are making a practice of concealing the amount earned. In almost every case they will give you the dividends declared, but they do not give you the amount earned. In some mills they will publish the dividends through the public press and the amount of money earned during the quarter. Of course, by that means we can find out what the earnings of the mill have been for that quarter, and the amount of dividends paid.

Q. Is much of the stock of the different mills owned in the city of Fall River?—A. As far as I can learn—and I am taking this from the statement of the different manufacturers, and I am willing to accept it as true—practically all of it is; the big bulk of it is owned in Fall River. In fact, I believe the mills are governed by Fall River people. I think I am right on that.

Dr. DAVIS. That is a mistake; about half.

The WITNESS. I was given to understand that. I do not want to make a misstatement.

Dr. DAVIS. Fifteen years ago perhaps three-quarters of the interests were held in the town, but the ownership has been going to New York, and now practically 50 per cent is owned outside and 50 per cent in town.

The WITNESS. I was given that impression.

Q. (By Mr. A. L. HARRIS.) Would not the true index to the profit of the mills be the amount of dividends declared?—A. (By the WITNESS.) That depends. It might be the policy on the part of some manager of a mill to keep back all over a certain percentage. If, for instance, the mills should for three quarters successively pay an average of a yearly dividend of 12 per cent, we would be inclined to think that we did not get the share of the profits that was coming to us. But as a general thing, as stated by Mr. Chase, they make an average of about 6 per cent. They have, however, occasionally—as have been done by some of the best-managed mills—declared a special dividend of as high as 60 per cent. That has happened in several instances in this city. There is one mill, I think I can safely say, that inside of 10 years has declared special dividends of over 100 per cent, somewhere around 107 per cent.

Q. Was that continuous prosperity on the part of the mill, or was it due to some good luck at the time?—A. I do not know whether it was good luck or not.

Q. Is that true of the mills generally here?—A. No; although I will say this much as regards our mills in the city: When those mills are well managed and have competent men at the head of them, they are money makers and always have been. There are mills in the city that are handicapped in poor machinery and poor man-

agement. Of course, we never take cognizance of those mills, because I do not claim it is right we should. It is not our fault the mills are badly managed.

Q. Would it cause unrest if the mill was declaring a dividend of say 12 per cent a year?—A. That would depend on circumstances. Here during the last year there was a certain mill that declared in one quarter 7 per cent dividend, and we did not go in for an advance in wages, simply because we had to take the whole situation into consideration before we could do that.

Q. If you were working in a mill that was not declaring a dividend you would not like to take a decrease either, would you?—As I say, you have got to be governed by the condition of affairs generally. And in another way we are governed. We have our own way of figuring out the cost in a pound of cotton of so much cloth, just as many yards of cloth as a pound of cotton will make. Of course, we differ somewhat from the manufacturers. They claim that we are wrong, and we claim they are wrong. But still, when the margin goes to such a height we give way a little ways.

Q. If a mill is managed on good economical and business principles, and makes a good dividend, is that due more to the management or to the operatives?—A. There are mills in this city the management of which is so bad that no matter how productive the help might be it would be almost impossible for them to earn dividends.

Q. I am merely asking these questions so that I can see your plan of getting at what you think your rights are. You take all conditions, everything, into consideration when you are attempting to adjust your rights?—A. Of course, we endeavor to keep in touch with the state of the market. That is what we are paid to do, although we are trying to stop and to avoid trouble. Still, we are not paid by the manufacturers to look after their interests; we are paid by the help to look after theirs, and when the time comes when we think they should have more wages we are not afraid to ask for them.

Q. Is the market irregular?—A. Yes; it has been somewhat irregular. The irregularity has been considerable these last few years. From 1897 it has been down as low as $1\frac{1}{2}$, somewhere around there, up to 3 $\frac{1}{2}$. It is now down to 3 cents.

Q. (By Mr. CLARKE.) When most of the mills pay 6 or 7 per cent, and occasionally a mill pays a much larger profit than that, how do you account for those larger profits?—A. There are more ways than one to account for it. Some treasurers of mills may pay out all they earn in dividends, and others may pay a good rate of interest, 6 per cent, and put the other by for a surplus for depressed times or to renew their machinery when it gets worn out, or something like that. The fact of a man declaring 12 per cent dividends would be no evidence that he was earning any more money than the man that was paying 6, because we would not know, unless we could get the exact earnings of the mill, where you have two concerns, whether one had paid out a part or the whole of them or the other had done the same. We could not really get at the facts of the case unless we knew the earnings.

Q. Does the par value of the shares of stock represent the entire value of the product?—A. There is some doubt as to that, though as a general thing I think it would.

Q. Is some of the stock at a premium in the market?—A. Oh, yes; there is some at a premium and some below.

Q. When a mill pays 60 or 70 per cent dividends at a particular time, how do you account for that?—A. I account for it in making big money, earning big profits; although I will be fair and state that the gentleman who controls the treasury of this mill I had in mind as paying such dividends claims that the capital stock nowhere near represents its actual value, and the amount of dividends declared was not a true representation of the amount of money that the concern earned.

Q. If its shares represented at par but half the value of the property that fact would reduce the dividends to what figure, do you suppose?—A. I could not say now. I would say that as far as this particular mill is concerned now that that story can never be told again, because it is capitalized, I think, for its full value at the present time.

Q. Even if its earnings continue as they have been, at any time the dividends will be substantially on a level with the dividends in the other mills?—A. The capitalization of that mill has risen from \$500,000 up to \$1,200,000, and it is very safe to assert that the aggregate dividends will average on the \$1,200,000 what they did on the \$500,000.

Q. (By Mr. A. L. HARRIS.) No new capital put in?—A. No; all this represents money alone, money earned by the mill, surplus money outside of paying the regular dividends.

Q. How long a period did it take to make that increase in value?—A. I could not tell you. I was not living in Fall River at the time that this change was made in that corporation. I could not tell you how long exactly it was, but I know it is since I have been here this last time—that is, inside of 10 years, that two stock dividends have been declared, one of 60 per cent, and I think the other was 50 per cent.

Q. Is it a fact that most of the mills sometimes make large profits in an advance in the price of cotton which they have purchased?—A. Undoubtedly they do. Some mills are run better in this way, so that the treasurer has always got his eye on the cotton market, and quite often he buys cotton to an advantage and thereby saves a good deal of money.

Q. On the other hand, is it true that sometimes they buy cotton at a high price and convert it into cloth, and then the market becomes glutted and heavy and that cloth has to be sold at a loss, or without profit?—A. I do not think that such a condition of affairs has ever existed with us, where the amount of cloth sold under such circumstances really amounted to anything. There may have been a few thousand pieces sold at a loss, but I don't know whether there have been.

Q. (By Mr. CLARKE.) Does not that pretty nearly describe the present condition of the market?—A. No; I think there is money enough in it at the present price of cotton and cloth.

Q. (By Mr. A. L. HARRIS.) How do you reach that conclusion?—A. By calculating the price of cotton, the cost of manufacturing, and the cost of labor.

Q. Do you allow anything for the deterioration of the machinery?—A. That is a question which even the mill treasurers themselves have not fully decided on—what is the proper amount to lay aside for depreciation of machinery.

Q. (By Mr. CLARKE.) Have you anything further to say?—A. I do not know as I have anything further, except as to the matter of national legislation. That is something I believe in. I believe that is the only way to handle this question of hours of labor for women and minors.

We do not ask for legislation for men. We are all of us ordinary workmen, working in the mills all our lives. I worked in a mill from 9 years of age until I was 38, and I know something of the conditions of the mills. I know if it was possible it would be a good thing to keep women and children out of the mills altogether, but it is not possible to do that yet. Speaking from my own knowledge as to conditions in the mills, it would be better if women and children should not work in the mills at all. There are other occupations more cleanly and healthful than they can work at. As it is I realize the necessity of women and children working, but it has always been our aim to get the hours of labor reduced as low as possible and have the conditions they work under as good as possible.

Under the conditions of to-day mill labor is far more hurtful and harmful than it was years ago. When I was a young boy and went out to work in a mill it was just like going out to play compared to what it is to-day. The work I did was no trouble to me. I received at that time fairly good wages for child labor, and I could work my 10 and 11 hours a day and it was no drain on me. The only harm it did me was that it stopped me from getting an education, but as far as my physical health was concerned I do not think it harmed me at all. But conditions are different now. A boy of 14 years of age to-day can not stand 58 hours a week as well as a boy in those days could stand the 66. I could work the year round and never have a vacation only on holidays—and down in Rhode Island, where I worked, holidays are very scarce. Take a boy of 14 now that works 2 or 3 months steadily in a mill, although he is pretty strong, he usually wants a little vacation. We have many more holidays to-day than we had in those days.

Realizing that the work is so much more severe on the women and children, we are in favor of shorter hours for them, and we are in favor of making the regulation national. We think it is the duty of Congress to take up this labor question and get it right. I understand it is always pigeonholed in a committee; but it should be acted on. I think it is a disgrace to modern civilization that this country, supposed to be the most progressive in the world, should allow women and children to work of nights in a cotton mill. Even in despotic Russia they have more regard paid them. A minor of 12 to 15 can not work more than 6 hours a day. They can begin to work at 10 years of age, but they work 4 hours a day from 10 to 12 years of age, and from 12 to 15, they are allowed to work not more than 6 hours a day. Here you allow them to work over 80 hours—right here in the city of Fall River, and in many instances they have been compelled to work. In the South we know they are working 66 hours, and some of them working at nights.

This is wrong. It is a question Congress ought to take up; and I think instead of spending so much time on the welfare of the localities outside of our country, the country in general would be better off if a little time were devoted to the interests of our own people at home, to our own women and children who everybody must admit are the wards of the Nation and State.

This is a question that I think can not be urged too strongly upon the legislators in Washington. We do not want to handicap Massachusetts. None of her citizens have a higher regard for Massachusetts and more interest in her welfare than the people at the head of organized labor. We are American citizens. I am myself a Massachusetts boy, born and bred, and I intend to live here and probably my children will live here. It is to our interest that an industry on which so much depends upon the cotton industry should prosper. We do not want to handicap the State in

any way; but I think it is a safe assertion to make that Massachusetts, and especially the city of Fall River, can manufacture a yard of cotton goods as cheaply as it can be done anywhere in the world. So I claim the laws that have already been passed have not hurt the industries of Massachusetts at all.

Q. How does it happen that we imported something like \$40,000,000 worth of cotton goods last year?—A. I do not know how to account for that. I think there must be a demand for imported goods. I remember some years ago a certain carpet mill in this country went into business and manufactured a very fine grade of carpets. In fact their carpets to-day stand A1 in the country. They were fully as good as the carpets being imported. But they could not sell them. In order to get a sale for the goods they had to put the word "imported" on the carpets. I was in a large store in Boston where they deal in worsted goods, and I was told that certain leading statesmen of our country will get up and advocate and defend any proposition that will give us the home market, and still purchase imported goods, knowing they are imported. There is a demand for imported goods. The reason for it I can not give. It is an absolute fact that the cost per pound of turning cotton into cloth is cheaper here than it is in England. That has been proven by statistics. The weaver there is paid more per yard and the spinner more per hank. They get paid far above what we do here. As regards the card room, I can not say, but it is a fact that the weavers and spinners and slasher tenders do get paid more.

Q. Are they paid more per week, or their annual earnings are more?—A. More for the product they turn off. Their weekly earnings are not so great, for the reason that they do not do the same work. The American help is the best in the world for work, and the best help in America is located right around New Bedford and Fall River. They turn out more work than in any other section of the country.

Q. Is it not price which usually determines the matter in the market as to whose goods shall be sold?—A. Yes, it is price; but you must understand there are other things that enter into price besides labor. Labor is not the only cost in producing an article. Waste, for instance, cuts a big figure in the cost. There have been manufacturers who have come from England over here and made the statement in public that the waste made in some of these mills in Fall River would make good dividends for them in England.

Q. Do you believe that is so?—A. I rather think the statement was exaggerated, although I will state from my own knowledge that the waste made in some of the mills in Fall River is something shameful, and I do not see how they can pay the dividends they do. Some pay no dividends, and I think the reason is the waste. I think the cost is more in the management of the mill than in anything else. We know it is not in the cost of labor. To put it plain, I think the English get more out of a pound of cotton than we do here; although I will say that some of our mills in this city are run fully as well as the best managed mills in England, and it is undisputed that these mills are making good money and have been making good money all through the depression from 1893.

Q. If operatives can earn more per product in England and Germany than they can here, why do they leave their employment and come over here?—A. They can earn more there. They have told me so. I am speaking about cotton operatives now. A man that has work in England as a weaver or mule spinner or slasher tender, and is sure of steady work, is better off than he is in this country. But you know human nature is naturally a little ambitious, and they may hear about this big country of ours and the opportunities for young men, and, although making a good living there, they come here seeking better opportunities for their children. As long as a man is employed there he is a swell; he is better off as far as getting the comforts of life is concerned than here. But when he is once out of work he is in a worse condition because he has not the same opportunities that we have here. When our country is as thickly settled and has as many people per square mile as England has, the conditions will be the same. In fact, they are tending that way now.

Q. Do you know how the deposits in the savings banks there compare with savings in banks here?—A. The style of life here is vastly different from the style of life there. The people do not make a point of saving as much as they do here. If they are sure of a good living that satisfies them. They enjoy life better than they do here. A man belongs to two or three clubs and belongs to his labor organization. He gets a certain benefit when sick and so much when dead. He may belong to a mutual benefit organization and get so much more when sick or when he dies. He is sure of that if anything unfortunate occurs to him. He is assured of a living and is care free and enjoys himself. They do not strive to accumulate the same there as here. It is the ambition of every one that comes here to get rich, and all work and slave and toil and deprive themselves, in a great many instances, of things that are absolutely necessary to their well-being in order to accumulate money.

Q. (By Mr. A. L. HARRIS.) Are the wages that you speak of as being better there than here general, or is that true only in some particular line?—A. My information is gained from statistics gathered in Great Britain.

Q. Can you give the name of the book? It is an interesting subject and I would like to examine it.—A. It is in the consular reports.

Q. (By Mr. CLARKE.) Do you know of any working people here who would go to England even if they knew they would have a job when they got there?—A. It is only the other week a certain man was complaining to me about not doing well enough in this country. I asked why he did not go back. He said he did not have sufficient money to go on, or he would go.

Q. Do you not think most of the working people have made pretty good savings here?—A. No; I do not think a majority of our people could stand 2 weeks' vacation without suffering, without the assistance of the labor organizations.

Q. How did the labor organizations get their money except by saving?—A. From the savings of the individual operatives.

Q. That does not answer my question. Do you think anybody will exchange his conditions and prospects in the cotton-manufacturing business in this country for a position over there?—A. If you want to know as to individual cases, I can say yes; as to the masses of the people, I do not know.

Q. On the whole, do you not think they are better off here than there?—A. They should be the best judges of that.

Q. I asked your opinion. Of course you can not judge for them.—A. The conditions here are not the same as they were years ago. I do not believe that there is the same opportunity as there was years ago.

Q. Do you mean the same opportunities for employment or for saving?—A. For employment or for advancement. There are not the same inducements for people to come from foreign countries and settle here.

Q. Why is that? Competition is greater.—A. I think that has something to do with it. Here is a question that a great many people do not give as much thought to as they should—this question of competition. The fact is there is too much competition in the cotton business to-day, and it is brought about by the tariff on cotton goods. The tariff has given us this large market to ourselves, and it gave enormous profits to cotton manufacturing for a while. This country has lots of floating capital looking for good and safe investments. They saw there were good profits in cotton manufacturing and went into it and finally located down South. The natural advantages of the South, for one thing, and the inducements offered by land promoters for another, proved strong influences. They would offer almost a town site to locate a mill, with exemption from taxation, and consequently they started to build up. No doubt many of the mills will go down almost as quick as they went up. But it was only natural to suppose that as long as there was capital in this country looking for investment, with such inducements offered to them, they would take advantage of them. That is the reason there has been so large a growth of cotton manufactures in the South. We have an overproduction now, and we will have a greater overproduction than we have now.

Q. Would you like to see the protective duties on cotton goods repealed?—A. I would not advocate a sudden and radical change in tariffs, although I will state here and now that I am a free trader in my views. I believe this country can compete with any other country in the world, but I would not advocate a sudden radical change in the tariff, because any sudden or radical change would unsettle it for some time and there would be undoubtedly a great deal of suffering until conditions could follow in operation throughout the United States.

I believe in reciprocity as proposed by the late Mr. James G. Blaine, and I think that is an idea that ought to be taken hold of and worked out by our statesmen. I think we ought to, instead of appointing consuls as a reward of political work, send good competent men that can command the respect of the people of the different countries where they are located and build up trade, try to stimulate the trade of the United States and offer inducements in the line of reciprocal trade relations. In that way you could undoubtedly help the cotton market of the country, and if you helped that market you would undoubtedly help the others. It is something that has to be done. It is an undoubted fact that we can produce more cotton cloth than we can consume. There are always going to be ups and downs as long as that is so; hence we have got to branch out and get foreign markets. There is a field right near home for cotton cloth, I think, that could be cultivated. I think the manufacturers themselves should take hold of this matter, and when they get an accumulation, if they can get the field—and undoubtedly they would want to—they can command it all the time.

Q. Have you observed that our exportation of goods of various kinds has been increasing rapidly during the last few years?—A. Oh, as I understand they have been increasing, but we have not got the market in South America that we ought to have. I do not know how manufacturers in other sections of the country are doing, but it appears to me—I may be wrong—that the manufacturers of this section of the country are not taking hold of that matter as they should. There are some mills in the South that are held up to us as making enormous profits whose trade is all for-

sign, all export trade, China trade. They undoubtedly do make large profits and run at times when we can not. Of course, their trade might have been unsettled on account of this Chinese war, but they will undoubtedly recover again.

Q. Do you think if we had an absence of duties we should be likely to have any more foreign goods here in this market to contend with?—A. I think so; if we had no duties on them. I am not advocating for an instant the repeal of all duties; but I would advocate, as I said before, reciprocity with these South American nations if we could have it without unsettling our own market or our own economic conditions and build up a trade there. I would be in favor of anything in that line, and I think it would be a great benefit to the country.

Q. Is there a manufacture in Fall River of furs; that is, a manufacture where furs are cut from skins and used for hats?—A. Yes.

Q. Does it employ considerable machinery and a good many people and considerable capital?—A. The hat business is something I do not know anything at all about, and that concern I have never been in. I do not know how much machinery they use there. I have no idea of what the value of the plant is. It is a large concern, I believe, for the hat manufacture. I do not know anything as to the amount of capital.

Q. Are you able to state about when it was established?—A. No, not exactly, except I know it has been going a number of years.

Dr. DAVIS. Perhaps I can answer that question—twelve years.

The WITNESS. Twelve years.

Q. (By Mr. CLARKE.) Do you know what the duty is on fur for hats?—A. No; I could not state now.

Q. Would you favor reciprocity or any other arrangement that would take off that duty, if you thought the effect would be to close that mill?—A. I do not think that mill would close if the duty was taken off, no matter what it might be.

Q. Is it not a fact that the proprietor imports thousands of skins every year from Australia?—A. Probably it is.

Q. Does he not have to pay a duty on them?—A. Oh, no.

Q. He strips the fur here, does he not; cuts the furs from the skins here?—A. Yes; I believe he does. I have heard something about his having machines down there to strip the fur off.

Q. Let me state a case. It is said that there are 3 or 4 similar mills in this country owned by concerns which prior to 12 years ago carried on the business exclusively in foreign countries; but after the McKinley tariff was adopted, putting a duty on fur for hats, it seemed to them to be an object to have mills in this country, so they have opened them and employed a good deal of American labor. And if that duty were now taken off it is said that they would close their American mills and produce in their European plants for this market. If that were so, could this mill here in Fall River continue to operate and compete?—A. I do not always take notice of these threats of moneyed men or capitalists, and, furthermore, that is a case that I do not know anything at all about. I do not know anything at all about the hat manufacturing business, how much the duties are, or the price of the goods, or anything else, and therefore I am not in a position to intelligently discuss that question. But, as I said, I never have taken any notice of threats made by men of that kind, because I know what they amount to; and I will say here that there are conditions under which this concern has grown up that would disgrace any community. Now, I know for a fact instances of women working in that mill there from 6 o'clock in the morning until 10 o'clock at night, day after day, and all that time doing men's work. And where men would earn from \$18 to \$20, these women are getting about \$10 a week and working all that time. I know that as an absolute fact, as a party told me who lives in the same block as I do. Furthermore, it was not American help, so I am told. I know a relative of mine went down there and worked 2 weeks for nothing and then got put on pay, and they wanted him to learn some other job and work for nothing, and then when he did that and learned it, they wanted him to learn something else and work for nothing. That is the way they are continually changing around. They compelled him another time to work for nothing, and then put him on another job. No wonder a man can increase his plant with such a system.

Q. Is labor organized in that plant?—A. No, unfortunately, it is not. You are not probably aware of the fact that this man was driven out of Dunbury by organized labor and he located in Fall River, here. He has no union in Fall River. I do not want to say that the gentleman who owns this factory understands the conditions that exist there. You take a large plant like that, or like our mills, and a great many things happen inside of a mill that the treasurer is not cognizant of. He has not the time to find out all the circumstances. There is, say, a certain room being run. It is the object of the man running it to do so as cheaply as possible, so that if there is a new foreman or a new treasurer he will be promoted to treasurer or foreman. The treasurer never makes inquiries as to how it is being run, generally. He looks for results in the office. If there is any case brought before him where people

have been used wrongfully, he will right that. The officers have always been willing to remedy wrongs; that has been my experience with them so far. I do not want to say that this man that runs this factory knows all about the way this thing is carried on. There is many a thing in a large shop that the proprietor knows nothing about at all. It is one of the unfortunate condition of things that exist in large corporations. You remember the saying, that a corporation has no soul to damn and no body to kick.

Q. If the circumstances you have set forth were the common and regular practice in that establishment, do you not think the proprietor would know it, or ought to know it?—A. Not necessarily, unless it was brought to his attention.

Q. Would you so adjust the tariff or reciprocity as to endanger any industry in this country?—A. That would depend; I believe that the laws of the country should be passed for the benefit of the majority of the people of the country; any law, no matter what it is.

Q. You believe it is better to produce goods in this country than to have them produced in foreign countries for us?—A. Why, certainly.

Q. Therefore, in any changes of laws that you would recommend, you have in view the preservation of our industries and our employment?—A. Certainly, I should want to do that, but I should not want to foster some little, insignificant industry at the expense of a large one. I would not want to foster one that would just help and benefit a few, probably only one or two individuals, at the expense of an industry that gave employment to thousands and thousands of people.

Q. Do you know of any cases where that has been done?—A. No; unless the case that you were speaking about now, of this rabbit-fur industry. I do not suppose that would affect but very few people.

Q. It would turn some people out of employment if the mills were closed?—A. That is a question. I would not want to say that. If the mills were closed, oh, yes. If the mills were closed it would, undoubtedly; but it does not necessarily follow that if the tariff is taken off the mills are going to close.

Q. If they did not exist before the tariff was put on, and the present owners say they could not exist if it were taken off, would you favor its being taken off?—A. Did not the hat-fur industry—

Q. The hat-fur industry in this country?—A. It did not exist before the tariff was put on?

Q. Yes.—A. Well, of course that is an industry that I am not very familiar with. I would not want to enter into any lengthy discussion on that subject. But hats were made out of some material before the McKinley tariff went into existence, and I do not know but that they were just as well as a fur hat would, and the manufacture probably gave employment to as many people and for as good wages.

Q. Of course; we are not discussing the subject. I was merely trying to find out your views as to how the laws ought to be changed in any way.—A. Questions of national legislation on the hours of labor, women and minors, those are all of great importance, and questions that really Congress ought to take up, in my opinion. Furthermore, they ought to have power to appoint national and State inspectors over these mills, too.

Q. Do you think it would be better to have an inspection by national officers than by State officers?—A. I believe that the State should appoint somebody, and I think there should be national officers appointed, also, to have a general supervision over the whole system. We have State inspectors here, but they are handicapped by the laws on the statute books. I believe they mean to do what is right, but, as I say, they are handicapped. Take, for instance, the case of a violation of the 58-hour law. It is necessary, in order to secure a conviction, to have a woman or minor go and testify. Quite often this proceeding leads to the discharge of the party. In fact, if a case is taken into court, certain women will perjure themselves rather than to testify against the corporation, for fear they will lose their position. I believe the law should be changed so that these men should have the same power as police officers. You catch a man stealing anything, and he is taken right down to the court and fined and sent to jail on the testimony of the police officers. If the police officers catch any corporation stealing time, the corporation officials ought to be taken down to court and the inspector's evidence ought to be sufficient, or, if necessary, have two of them go; but the evidence of the police officer should be sufficient to convict. That system would lead to a better enforcement of the law, and also be a great help and benefit to the women and children employed in the mills.

(Testimony closed.)

FALL RIVER, MASS., February 22, 1901.

TESTIMONY OF MR. ROBERT T. DAVIS,

President of the Stafford, Wampanoag and Algonquin Print Mills.

The subcommission being in session at Fall River, Mr. Clarke presiding, Mr. Robert T. Davis was introduced as a witness at 4.56 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Robert T. Davis, Fall River, Mass.

Q. Are you officially connected with any of the manufacturing corporations here?—A. I am president and director of the Stafford Mills, president of the Wampanoag Mills, director of the Merchants and Robertson Mills, and president of the Algonquin Print Works.

Q. Have you long had an interest in cotton manufacturing in Fall River?—A. Yes; I have had some interests since 1849.

Q. About how much capital is embarked in cotton manufacturing in Fall River?—A. I think the total capitalization is something like \$30,000,000. All the mills have been undercapitalized. In former times that was the policy—a mistaken policy, I think, because, while the business was very good and large dividends were made in those days, it had the effect of arousing a good deal of competitive feeling with the manufacturers throughout the country, and also tended to put the manufacturers in a somewhat false position in regard to labor. For instance, the Union Mills, in which I was a director and had some stock, only had a capital of \$175,000. When it was built it only had 15,000 spindles, and when they enlarged the mills, which they did by accumulations of capital, the capital still remained the same for several years, and then dropped to \$155,000, I think, by the purchase by the mill of its own stock. When the corporation increased to 40,000 spindles it was still \$175,000 capital, and my impression is that the capitalization was not increased when it reached something like 70,000 spindles. Of course upon a capitalization like that very large dividends could be paid. The property was no doubt worth \$1,000,000 when it was nominally only \$175,000. They were making very large dividends, and it was assumed, and honestly so, by outsiders, who did not know the facts, that those were dividends on a fair valuation of the actual assets of the concern. That policy continued somewhat for many years. The capital stock of the mills in Fall River did not represent the value of their real estate and machinery, and as they went on they would accumulate enough in the course of years to pay the debt which was incurred at the start, but of course the dividends would always be paid on this undervaluation of the capital.

This Union Mill has had a wonderful history. It is hardly worth while to quote it, because it stands out as an exception to the general history of the town. That mill, through no fault of its own, finally failed, and the creditors, which were large banks, took the mill at a valuation of \$500,000. The general impression of the people in the town was that it was worth twice that amount. Upon that capitalization they went on. It was very well managed from the time it passed into new hands, from that day to this, and has been making large dividends. That is the mill Mr. Jackson refers to. They have recently made an addition to the capital stock of \$250,000, making a stock dividend of that amount, and they have also made special dividends. It has been a very remarkably prosperous mill. It struck onto a certain line of goods at a time when they were in great demand, and made money. The general fact, however, is that to-day the great bulk of the mill property of Fall River can be purchased below par. I should be willing to sell out my stock in various mills, certainly at not above par, and I would be delighted to have anybody offer me par for my stock.

Q. (By Mr. CLARKE.) What does that show? Does it show that the stock is inordinately profitable or only moderately so?—A. Only moderately so. You know there is a great deal of wear and tear in these mills. Mills become old in the course of 10 or 15 years. It is generally understood that a mill should be largely renovated in the course of 15 years. Most of its machinery should be displaced by newer and more improved machinery. In that respect the mills are handicapped, and for some reason or other these mills have been compelled to stop. My impression is that they have always waited too long before they stop. They stopped within the past 3 years a little short of 3 months. To-day we have an accumulation of goods which will, I think, compel another stop. As we are doing business now, practically we are able to run about 11 months in the year. If we run the mills 12 months in the year there comes a time when we are compelled to stop and prices drop. The goods are selling below cost in these mills to-day at 3 cents. We can not manufacture the

goods at 3 cents, or at least I am so informed by men who would not be likely to state the matter erroneously to me.

Q. Is that largely due to the fact that the price of the cotton entering into those goods was high?—A. It is largely due, I think, to the fact that to-day the business is somewhat overdone. There are more spindles than are needed in the making of our class of cotton goods, and the impression of our manufacturers is that we are at a disadvantage; that we are handicapped. I think that, to a certain extent, is probably the fact.

My own view, however, is that these conditions will gradually equalize to a very large extent. I am not so much of a croaker as many men about the Southern competition. They are very much excited now down South and are booming business just as we did 20 years ago. I presume there are to-day a good many mills started in the South that will be in operation within the coming year, and I presume they will increase the product perhaps very materially. If so, we shall suffer for some years, but they will also suffer. The growth of the country is something like a million and a half a year. That growth, together with what I think is looking like a foreign market for our goods, will finally give us a fair business. In the meantime I think the South is so situated that it can not probably stop as well as we do, and my view is we must consent to that handicap. If we can only run 11 months in the year, we had better only do it. My view of it is that within 5 years we will have the question of labor and of hours in the South settled, and there will not be the disparity between us and the manufacturers of that section that there is to-day. The more vigorously they extend the business the quicker that will come, because labor will be in greater demand and, like any other commodity, when there is a large demand the value of that labor in the market will rise. It is already doing so to a greater extent than is popularly admitted. They are competing with each other, going from one mill to another, wanting to get them back, and it is claimed in some cases the price of labor has nearly doubled in a short period of time. I do not know what facts you gentlemen have acquired in the matter, but I am well satisfied and have every confidence that within a period not at all remote we will find we are compelled to pay higher wages for labor in the South and be compelled to have shorter hours, and then with all these other things equal I believe that New England can maintain herself in competition. And I believe Massachusetts can.

Q. Do you think greater equality in these respects between the States would be desirable?—A. I do.

Q. How would you promote it?—A. A number of years ago when I was in Congress, in the Forty-eighth Congress, I offered what I then believed a solution. I had always been thinking of these matters and was always an advocate of the 10-hour law. It occurred to me that if we could have a change in the Constitution, limiting the hours of labor in the textile industries, and other pursuits, too, it would equalize these conditions, and States that were legislating in favor of the rights and interests of the workman would not be handicapped by those who were disregarding those rights. And I thought that if we had a national labor law it would be necessary to change the Constitution in order to pass such a law. During the three terms that I was in Congress I introduced at the beginning of every Congress a resolution calling for this change; but I afterwards changed my mind because I did not believe it feasible. The more I thought of it the less feasible it seemed to me. The Southern States themselves could prevent the passage of a constitutional amendment. I gradually reached the view that after all a national law could be passed by Congress and would accomplish the whole object; that under the general welfare clause of the Constitution Congress would have ample power to do it, and that when referred to the Supreme Court—a matter that was in line with the advance of civilization, which means greater convenience and greater comfort, better health and all those considerations—that the court would never go backward and give us a decision that would favor barbarism instead of civilization. I am confident to-day that such a law as that could be passed, and those are the gentlemen [indicating representatives of labor organizations] who can have it passed—the representatives of the labor unions of this country, if they will simply take hold of it. If they would not stop with Massachusetts, but would call upon their allied associated labor unions in the West, apply to their members of Congress through their several unions, and then their larger federated unions get together and pass resolutions insisting on Congress doing this thing, I have faith that perhaps within two Congresses it would be done, and possibly in one. If each member of Congress was applied to by the labor unions in his district he would vote for it. I sincerely hope that the representatives of labor will take up that matter energetically and in earnest, and, if so, they can put it through. Those who would be free themselves must strike the blow.

Q. Has there been a steady improvement in the relations of labor and capital in the cotton business in Fall River?—A. I think so.

Q. Are the unions generally recognized and welcomed by the manufacturers nowadays?—A. They are in the city. For years the manufacturers felt—and it was perhaps a natural feeling with them in those days, having the capital and in that respect

running the risk, having an interest they could not run away from, while the laborer could take his labor away—felt that they should control the situation. They undoubtedly looked with disfavor upon any organization of labor and thought the whole question should be in their hands and that they would deal justly. But of course that could not be expected. They were one party to the matter, and the laborer was as much a party in manufacturing; the manufacturer could not get along without them. The manufacturer furnished the capital and the laborer the intelligence and the operating force. Neither one could get along without the other. As the years went on in this town the laborer began first organizing and then insisting on this and that which he deemed necessary to his interests, and finally the point was reached that the manufacturer in each mill would recognize the operatives in that mill and meet them and confer with them in regard to any question between them. That went on for some time, and finally the laborer, still insisting on having his rights, at last succeeded in meeting in conferences the manufacturers. I think the first conference was about 3 years ago. I do not think that to-day the representatives of labor have any fault to find with the way they are treated by the manufacturers.

Q. Is it your opinion that these conferences and this friendly feeling have a conservative and steady tendency?—A. I think so. I think that this conference exerted a very excellent influence upon the question as to whether there should be an antagonism at that time on the question of wages. Times were hard then, and manufacturers deemed it necessary to reduce wages. A strike was very imminent. Of course the great body of the operatives disliked to have wages lowered under any circumstances. These gentlemen [indicating representatives of labor organizations] I am willing to say behaved in the most conservative and intelligent manner in regard to that and really prevented a strike by their members at that time. The strike actually did occur in New Bedford but did not occur here.

Q. Are many goods produced here for export?—A. No; not so far as my knowledge goes. The print goods which are printed of course are not a full manufactured article, and it would be difficult to export them in that form. They would need to be prepared for the market. I do not well see how in print cloths remaining in the crude form a foreign trade could be established to any great extent. They should be either printed or at least converted in, bleached or put in some form that the trader can take them and sell them; and in order to accomplish that some commercial houses would probably have to take that up and establish their branches in various points in South America and in the East and wherever there is a good opportunity. It looks more like something of that kind being done now than at any previous period of our manufacturing history. I think that is being looked to; in fact, we have already some little trade that has come to us. The print works with which I am connected I know have sold in the British West Indies some prints.

Q. Do you think of any changes that can be made in any of our laws to help the export trade?—A. No, I do not, except I think that Blaine's idea of reciprocal legislation—we making some concessions and they making some concessions—would help it.

Q. On what basis would you make those concessions? So far as possible on non-competing articles?—A. Yes; I would. I think that would be the true principle.

Q. Do you think it would be good policy to injure any industry by reducing the duties by way of a treaty for the sake of gaining concessions from any other country?—A. No, I do not think it would be. Of course we have had a long history of tariff legislation in other ways in this country. It has been looked into very carefully and very skillfully. Successive Congresses have had the advantage of previous mistakes, and we have finally built up a protective system that has seemed to work admirably. It has preserved our home market, which is an immense market. In my time there has been an addition to that home market of 50,000,000 people, and it has reached the immense figure of some 75,000,000, and that in a little over a century. The world furnishes no parallel.

Q. Is it your belief that if the duties—say, on cotton goods—were repealed or reduced there would be danger of more foreign competition in our market?—A. Yes; I think there would be times in Europe when the people of that continent would be suffering just as we are suffering to-day, and when they could, as they have done, dump large quantities of goods into this country and sell them for what they could get for them, thus reducing the price here and increasing the difficulties of the manufacturer, and with the manufacturer the troubles of the laborer, because if the manufacturer can not succeed where is the laborer?

Q. Is it the practice of exporting nations to sell their products in other countries even below cost?—A. It is; at least that is as I understand it.

Q. Why do they do that?—A. To preserve the home market; to preserve the profits which they make at home, and where they have a good trade with some foreign country to preserve their margins there. I suppose if we could find a market to-day we would be willing to sell all these goods we have in Fall River abroad at less than cost, feeling that we could recoup ourselves for that loss by the margin we would get for the current production.

Q. Then it is your opinion that if our duties were repealed or reduced we should be subject to receiving large quantities of foreign goods at less than the cost of production, either here or there?—A. Exactly.

Q. Do you see any object to be gained by making any changes in the tariff?—A. I do not. I approach that subject with a great deal of timidity and caution, because it is so difficult to make proper tariff adjustments.

Q. What has been the effect of a general tariff revision on the industries of the country?—A. My recollection is that it has usually disturbed business very much. Of course business is remarkably timid, and any uncertainty added to the usual uncertainties of business tends to injure it very much indeed.

Q. Is there a practicability of changing one schedule of the tariff without opening the whole question?—A. I do not see how.

Q. Some people have recently expressed a desire to repeal the duties on iron and steel, because the manufacturers of iron and steel in the country are said to have entered into a great combination which some people call a trust. What, in your opinion, would be the effect on domestic competition in this market of repealing those duties?—A. I confess it is a matter I had not considered. You mean the effect upon our own market?

Q. I mean what would be the effect on the concerns outside of the trust?—A. I think it would be disastrous unless the business has reached the point where they can make large profits without any protection, and I do not think that is so. It seems to me that this country has been placing itself in a position to compete with foreign producers in all these important lines by carefully guarding ourselves from the inroads of foreign competition; and now we are of course competing with them on their own ground, very much to the apparent alarm of English statesmen and of French and German and Russian statesmen. They seem to think that this country is liable to take their business from them and compete successfully with them on their own shores. Lord Roseberry attributes our encroachment to the vast combinations of industry in this country. I confess that for one I can not say that I believe in inflated combinations and various accretions of stocks and bonds. I believe that is not the proper way, but I do believe in getting rid of domestic competition in business by combining instead of competing. I think it is better for everybody concerned. We have attempted to do something in that line here. In the print-cloth line we have abolished competition in prices. There are certain defects connected with the management of the selling that are perhaps difficult to overcome, but we have succeeded in getting a common price for this description of goods at home, a price which prevents us from doing what we had been doing prior to that, making the city of Fall River in worse position than the individual corporations would be if they were 50 miles apart, because they were preyed upon by brokers who would go from one corporation to another, communicate with twenty or thirty corporations in a few hours, and by the methods which are well known to brokers they could succeed in beating down the goods with one man, another a little lower and another a still lower price until the business was utterly demoralized in this town, and it required a very stiff market indeed for us to maintain a respectable margin on our goods. That one trouble was absolutely ruining us, and perhaps it is that experience that leads me to favor combination.

Q. Has that combination enabled you or any of the manufacturers to exact an inordinate price?—A. No; it has not. We are so situated to-day that it would not be policy to attempt to do it. Of course we do not control the business, but we do a pretty large share of the print-cloth business of the country, and our portion is constantly decreasing.

Q. Do you see economic advantages in the consolidation of companies, which may inure to the benefit of the people as well as the stockholders?—A. Yes, I do.

Q. Do you consider the great consolidation movement that has been going on among the various industries in the last few years as artificial and speculative or a natural evolution in business?—A. I think it is a natural evolution in business. Undoubtedly there are evils connected with it, and undoubtedly it has been made use of by speculators and inflated values have been put upon it. In that respect a mistake has been made; but I do believe in combinations of industry. They are what will give us a very large proportion of the foreign business in the future, and I believe that the people abroad see it.

Q. One cotton mill treasurer in Massachusetts has testified that he would favor a reduction on the duties on cotton machinery so that manufacturers could get it at a lower cost?—A. That is looking at it strictly from his specific standpoint, I suppose; but men who are engaged in large pursuits must take a large view of the subject. I do not believe it would be for the advantage of our manufacturers in the long run to have those duties reduced or removed. Already the business has been introduced here from abroad. There is one pretty large concern which an English firm has built here, and of course they are employing American workmen, and very likely even more of that will be done.

Q. Do you understand that the cotton machinery now made in this country is as good as that made in England?—A. I do.

Q. Do you think the prices paid for it are higher than the proper range of prices of other products in this country?—A. No, I do not think they are. Within a number of years there has been a constantly increasing use of American machinery. We are not using as much foreign machinery as we formerly did, and I am inclined to think the difference in price to-day is not very great; although a Mr. Walker who used to furnish us a good deal of machinery told me probably fifteen 15 ago that his labor cost was just about half what the labor cost the manufacturer of machinery in this country.

Q. Did he mean one-half as much per amount of product?—A. He meant that in making any given class of machinery the labor engaged in producing that machinery cost him just about half what it would cost in this country to make that machinery.

Q. That being the case, if the duties were repealed, what would be the effect on the industry here?—A. A child could answer that. It would be prejudicial, if not disastrous.

Q. (By Mr. A. L. HARRIS.) What is the price of cotton goods now compared with what it was when you first became interested in the industry?—A. Much less. The Union Mill was built in 1859, and then the prices were higher. And there was a great range of prices after the war commenced in 1861. Everything went up then extraordinarily. Prices were exceptional. I should think the ordinary prices were 5 to 6 cents for what we are now trying to get 3 cents for.

Q. What was the price of labor then compared with what it is now?—A. The price then, I think, would average less than it does now. I am not sure on that point, but I should say the wages of labor were less than they are now.

Q. Was it as well or better employed then than now?—A. No; I do not know that it was. Of course, for some years there were stoppages of machinery; but in a number of years business was good and of course the mills were run. Then afterwards there came an occasional strike. The stoppage of our machinery in those days was very largely due to strikes. I think there was no large voluntary stoppage of machinery on the part of manufacturers.

Q. Your city is a manufacturing town almost exclusively, is it not?—A. Almost exclusively.

Q. What is the general condition of your citizens now compared with then—better or worse?—A. Well, the place was small when I first knew it—about 10,000 inhabitants, while now it has over 100,000. There was a larger proportion of people who had lived here for some generations and had acquired some property. But you take the average citizen of Fall River, and I think his condition now is decidedly better. I think he lives more comfortably; I think that he knows how to obey the laws of health better; I think that he has, you might say, more luxuries, more conveniences, and is altogether in better condition than he was in those days. I make that remark in regard to labor.

Q. I was just going to ask if that would apply to your operatives?—A. Yes; with respect to the occupation of textile operatives, when I was a member of the State Board of Health a number of years ago we instituted inquiries all over the State with regard, among other things, to the health of the operatives as compared with that of other classes of the population. We sent agents down to Fall River, and their report showed that our operative population had as small a proportion of deaths—I think I am correct in this statement—as any class of our people had. It surprised the secretary of the board, Dr. Derby, at that time, so much so that he thought there must be some mistake, and he was hardly inclined to publish the statement. I must confess that as the agents had been sent here and had collected the information, I insisted that the report should be published, and the board agreed with me and it was published.

Mr. O'DONNELL. May I ask what date that was?—A. It was probably between 15 and 20 years ago, and Dr. Hooper, who was our most eminent physician at that time and public man, also gave some evidence on the subject and declared that that was his experience.

Q. (By Mr. A. L. HARRIS.) Your citizens generally own their own homes?—A. No; I should say not generally. A large share of our population are operatives, and then a good many of them now are French. We have, I suppose, some 30,000 French people here—perhaps more than that—possibly 35,000, and many of them come here from year to year and, of course, when they come they could hardly purchase their homes. A fair share of our people own their homes. With respect to the operative population I think these gentlemen are better qualified to answer than I am. I suppose a large part of them do. What would be your opinion about that, Mr. O'Donnell?

Mr. O'DONNELL. Not a large proportion. It would be a small proportion. A good many of them do own them, and the banks have the rest of them.

The Witness. They have not had much time.

Mr. O'DONNELL. The French population has come into this city rapidly since 1873, the time Father Bedard came here. He practically built up the village, and it has practically grown to be a French city now. They are all over the city, but mostly in the village.

The Witness. I simply mention the French as one element in the operative population.

Mr. O'DONNELL. I referred to that in my testimony.

The Witness. And another thing: I do not know how much our operatives generally, where they have means, care about owning property of that kind. I think there are a great many of them who have savings in our savings banks that do not own their homes. Of course, it costs something. I think they are pretty well taxed here, and I think the operatives find it about as economical to hire as to own a house.

Q. (By Mr. A. L. HARRIS) Are your savings deposits large?—A. Pretty large. One of our largest institutions here must have something like \$3,000,000, I think. I do not know but what it is nearly \$4,000,000. Yes; we have a pretty large total here—several millions of savings.

(Testimony closed.)

Whereupon, at 5.57 p. m., the special subcommission adjourned without day.

WASHINGTON, D. C., February 14, 1901.

TESTIMONY OF MR. ADDISON B. BURK,

Editor Philadelphia Public Ledger.

The commission being in session, Mr. Addison B. Burk was introduced as a witness at 12.08 p. m., and being first duly sworn, testified as follows:

Q. (By Mr. FARQUHAR.) Please give your name and your address and occupation.—A. Addison B. Burk; Public Ledger Office, Philadelphia; my occupation is editor.

Q. (By Mr. LITCHMAN.) You have given considerable study to the question of building and loan associations?—A. I have.

Q. Both as applied locally at Philadelphia and generally throughout the United States?—A. I have general information about other States.

Q. But your information relates more particularly to the loan associations in Philadelphia?—A. Yes.

Q. Have you a general statement that you would prefer to present first for the information of the commission?—A. Yes.

Q. You may present your statement.

The witness then read the following statement:

My understanding of the invitation to appear before the Industrial Commission is that I am to discuss more especially the conservative influence of building societies upon industrial life in Philadelphia. They have unquestionably had a great influence in preventing labor disputes and strikes, and in preventing a resort to violence where strikes have taken place. Their whole tendency has been to make the relations between capital and labor cordial, and hence Philadelphia is distinguished beyond other great cities for its industrial peace. The influence of the building society is manifested in various ways. It ties men to the soil, so to speak, but not in an offensive way. There is scarcely an industrial establishment of any magnitude in Philadelphia that does not have its building society, directly or remotely connected with it. Many of the members buy the houses in which they live. They naturally select a site near their place of labor, and they are engaged for at least 10 years, generally for a longer period, in acquiring title to it, free of incumbrance. During this period they are extremely conservative. They will not engage in a strike except upon great provocation, for they do not want to give up their homes or to go to work in another mill or factory a long distance from their place of residence.

While buying their homes, and after they have acquired them, they have an interest in both capital and labor, and hence oppose any resort to violence or the destruction of property. Their merely selfish interests, though powerful, are of less importance, however, in making them conservative than the business training they receive. The owner of a house learns within a year that capital, as well as labor, has its troubles. The demagogue is without influence in a meeting of building association men who have acquired properties by their thrift and their

sacrifices. These men have learned to keep accounts; they have obtained what may be called practical knowledge of the value of money; they have ascertained by experience that interest, working night and day without regard to weather conditions, builds up fortunes much more rapidly than the careless observer would think, and they have learned above all things else that capital is not necessarily a cormorant; that it is, when properly employed, a most useful assistant to labor, and that it suffers like labor when it is not given employment.

From a sociological standpoint this training of the member of a building society, and more especially of the borrower, is, to my mind, of greater importance than binding him to the soil through his purchase of property.

It would be misleading, however, to attribute to building societies alone such training in Philadelphia. The thrifty influences were set at work by Penn and his followers long before building societies were organized. These societies flourished and received their highest development in Philadelphia because the ground had been prepared for them.

In the early days of the city there were few settlers for a great deal of available land for building purposes. Land was not only cheap, but it was sold on easy terms. A man without capital could buy a tract on ground rent, and there erect his cabin from timber cut upon his own lot. The ground rent differed from a mortgage. It was not terminable at the will of the seller of the lot; in the early days it was irredeemable. The man who bought a lot and faithfully paid the rent thereof obtained a title in fee simple, and could not be dispossessed as long as he paid his rent. Nor could he be sued for the principal. He had only to look out for the rent, which in the early days was merely nominal. His improvements belonged to him absolutely, and he obtained the benefit of any increment of value due to the site. Under the influence of the ground-rent system, a custom arose in the new city for every man of character, however poor he might be, to own his own home. This custom was fully and firmly established long before building societies were organized.

But as the city grew in population and in the value of land, and as the demand for lots began to exceed the supply, it became increasingly difficult to buy lots upon ground rent without capital to cover at least a part of the estimated value of the land. Moreover, the standard of living had been raised. In the beginning a man could build his own rude cabin or hut and enlarge or improve it as time or opportunity permitted. But with the growth and improvement of the city came a demand for something better than a rude log cabin at the outset. The ground-rent system had served its purpose and was about to disappear. It was then that the building society was broached and found a field waiting for it. The custom of home ownership had been already firmly established; the community was thrifty; all that was needed was capital to enable the home seeker to buy his lot and build or buy his house. This capital was furnished by the building societies to their members from their own savings, each in his turn. The society was purely cooperative, and, so far as I know, there is no other cooperative society in existence that has lasted so long or borne such good results. The early societies had an advantage not possessed by their successors of the present day.

They offered to lend money below the market rate, which was nominally 6 per cent, but really 8 or 10. The society's money was sold at a premium, but, notwithstanding the premium, it could be obtained on more favorable terms than a similar amount from a savings bank or other lender. The building societies, consequently, flourished at the beginning because they offered cheap money. As the market rate for money decreased they came more and more into competition with capital offered to borrowers by savings fund and trust companies, and to-day the trust companies are keen competitors, offering to lend money on building society terms; that is to say, on installment mortgages. But the building society loan is still preferable, although as a matter of mathematics it offers no advantages. When a man borrows from a trust company composed of stockholders looking for a dividend on their stock he deals with a soulless corporation. If sickness, loss of employment, or any other misfortune should befall him he need expect no mercy. He must fulfill the obligations nominated in his bond or suffer the penalty. If, however, he has borrowed from a building society, he will find sympathetic fellow-members who will do all they can to tide him over his difficulties and protect his interests. The societies foreclose mortgages; they seize a man's property held for security of a loan, but they do not do so if they can possibly avoid it, and no borrower from a building society is driven to the wall if he deals frankly with the society at the outset of his troubles and there appears to be any practicable way of keeping him out of bankruptcy. The societies are in this respect fraternal organizations, and they do an immense amount of good in teaching men that it pays to help as well as to prey upon their fellows.

The building association idea has been so well developed in Philadelphia that it has led to the organization of ephemeral societies of a similar character in nearly all large industrial establishments. These are savings banks, closing their accounts yearly. The members put into the bank from 50 cents to \$1 per week, and are usually not allowed to deposit more than \$3. The funds are loaned to members only in small amounts, and no security is required other than that resulting from regular employment. The interest charges are very high, usually 2 per cent per week, or 104 per cent per annum. But on the other hand, the loans are small and the loans are repaid in a week or a month, so that the charge for the use of the money does not appear to be a very great hardship. The losses, which are considerable, are offset by the high rate of interest, so that at the end of the year when distribution is made the investors get a return of from 10 to 30 per cent on the small amounts they are allowed to invest. The so-called "banks" serve a very useful purpose in large industrial establishments.

They put an end to individual loans. A would-be borrower from an individual of \$5 or \$10 is referred to the bank, instead of being accommodated with a loan, and he is obliged to deal with a society, not with an individual, in settling his account. These banks are easily organized in an industrial establishment whose employees are familiar with building society methods, but not elsewhere. They serve also as training schools for building societies proper.

It would be unfair to represent building societies as the sole factor in producing industrial conditions in Philadelphia that conduce to the maintenance of friendly relations between capital and labor. Before the birth of building societies savings funds were established based upon the true principles of such organizations. They were not commercial undertakings, but charities. Their capital was intended not to produce dividends for stockholders, but to serve as security for the moneys deposited. All the profits derived from the business go to swell the surplus, and thus to increase the security. The leading institution of the kind in Philadelphia, which bears the city's name, had on the 1st of January, 1901, \$58,200,000 of deposits and assets amounting to \$63,700,000, showing a surplus of \$5,500,000.

The Philadelphia building society does not antagonize the philanthropic savings fund; it supplements it with a different type, in which the savings are compulsory.

In all that I have said on this subject the building society on the Philadelphia plan has been kept in mind. It is a small organization, composed of members who know each other personally or by reputation. Its meetings are held in the evenings once a month. Its officers serve either without pay or for nominal salaries. It has no dealings whatever with the general public. This is the only kind of building society with which I have any sympathy. The Philadelphia plan has been "improved" by our Western friends, notably under what is known as the Dayton plan. The society, under the Dayton plan, remains local, but it is greatly enlarged; its business is carried on like that of a bank, with salaried officers, who devote all their time to its work and have offices open during the day, with clerks and other assistants. Capital is obtained by issuance of paid-up stock, and the business is conducted after the method of a bank, as well as after the method of a Philadelphia society. I do not question the financial soundness of a society honestly conducted under the Dayton plan, nor do I deny that it serves the same purpose, in part at least, as the Philadelphia society, but I do not endorse anything save the simplest possible form of organization. I protest emphatically against the use of the building society's good name by national societies that do a banking business, with branch offices in various States.

The magnitude of building society work should not be overlooked. There are 1,200 societies in Pennsylvania, with assets of \$113,000,000, and 5,485 in the United States, with 1,496,264 members and assets amounting to \$575,217,903.

These are statistics that have been compiled for the league which meets to-morrow in New Orleans.

Q. That is, of the local associations?—A. Yes.

Q. And does not include the nationals?—A. It does not.

Q. Have you any idea as to the extent of their assets?—A. No. They have been breaking up so fast recently that I do not think there is much left of them.

Q. I would not agree with you as to that statement; but if you have no knowledge, I will let it go without comment.—A. I have no knowledge. [Resuming reading.]

The savings banks of the United States have about five times this number of members, and nearly five times the assets. It is impossible to obtain exact statistics, but it is known that there are about 450 such societies in Philadelphia, and it is fair to assume that their assets at any one time amount to fully \$45,000,000. At least 90 per cent of this amount, say \$40,000,000, is invested in mortgages on real estate, and represents purchases by individuals of a value exceeding

\$80,000,000. All of this property is not being bought for homesteads. There are many investors who use building societies to increase their holdings of real estate; in recent years investors have become more numerous than homeseekers, and one of the chief difficulties encountered by building societies at present is that the majority of their members are capitalists seeking interest on their money rather than borrowers of money. Two striking instances of the high standing and usefulness of the societies have come under my personal observation. The largest stockholder in a society with which I am connected is the financial editor of a newspaper—a man who is familiar with the stock market and with speculative concerns of all kinds. He writes daily about the millions of the Carnegies and Morgans, but puts his monthly savings in a building society.

The other instance is that of a more humble member of the newspaper fraternity, a carrier, whose weekly profits from serving newspapers seldom, if ever, exceed \$30. He became interested in building societies early in life, and began his investments in real estate by purchasing a home. Then, as opportunity offered, he bought cheap houses, borrowing money from the societies to effect the purchase, and at the end of 40 years of active service retired with real estate valued at more than \$100,000. During this period he could not have actually saved from his business more than \$20,000. The remainder represented compound interest on his savings, made possible by his building society connections and his native shrewdness. Summarizing the results of nearly 30 years of observation and experience, I am of the opinion that building societies in Philadelphia have had a far reaching and beneficial effect upon the working classes in inculcating thrifty habits; in rendering them conservative during periods of business depression and strikes, and in spreading broadcast a knowledge of business methods and of the value and uses of capital.

They have not been the only factor in making Philadelphia the city of homes, with its more than 300,000 individual houses, one-half of them owned by their occupants, but they have fostered a custom established in early days of maintaining separate homes, and they have provided the means for perpetuating the custom.

Q. When was the first building and loan association established in the United States?—A. I believe in 1837, in Frankford.

Q. That is now a part of the city of Philadelphia?—A. Yes.

Q. That was an association which terminated at the maturity of its stock?—A. Yes; a single series.

Q. That association differed materially from the modern building association?—A. No, not materially; the only difference I know of, is the issuance of series.

Q. There is a material difference as to the life of the association?—A. Yes. The stock was then issued in one series and is now issued in two, or three, or four series. That is all.

Q. Do you regard that as an improvement?—A. It is an improvement because it is necessary. It would be very desirable to have a single series society if you could loan the money to the end; but as that can not be done it is necessary to have multiplicity associations.

Q. The remarks in your article apply entirely to the so-called Philadelphia plan?—A. Yes.

Q. Are you aware of the statement made at the meeting of the United States League of Building Associations a few years ago at Philadelphia, in which the comparative value of the two systems known as the Philadelphia plan and the Dayton plan were presented?—A. Yes.

Q. Are you in possession of those statements?—A. Yes; and I would like to present them to the commission as supplemental to my statement.

Q. If you will; and then, if you will, a little more in detail state the differences in the two plans.—A. The main difference is in the magnitude of the societies under the Dayton plan, and the complex character of the government of the societies as compared with the simplicity and smallness of those under the Philadelphia plan. In the Philadelphia society there are only a few members. They meet once a month in the evening and have scarcely any expense. Under the Dayton system it is a large organization; has offices open in the daytime and necessarily a force of clerks in attendance at all times, and a resulting large expense. The associations are no larger possibly in proportion to the amount of business done than the Philadelphia societies, but the whole business has lost the simplicity of the Philadelphia fraternal organization.

Q. Do you think there has been any loss in security and skill in handling the funds?—A. No; I do not.

Q. Do you think it is an objection to have a skilled accountant or manager in charge of the association?—A. Not from the financial standpoint; but I regard the building association as of great value as a fraternal organization.

Q. Is there an objection, a fraternal objection, to having these funds skillfully managed?—A. There is not; but we can manage, the poorest workingman in Philadelphia can manage, societies as well as a bank manager.

Q. What is the usual salary paid to the treasurer or salaried officer of a building association in Philadelphia?—A. Seldom more than \$300 to \$500 a year.

Q. Do you know of instances where the same man is secretary of more than one association?—A. Yes.

Q. How many associations do you know of any one individual being secretary of or a salaried officer in?—A. I know Charlie Kolb has at least six such places.

Q. And if he receives \$500 from each he receives a fair salary?—A. Men who are in a number of societies devote their whole time to the societies.

Q. Wherein does that man's employment differ from that of the secretary of the Dayton plan?—A. The man himself doesn't differ, but the society does. Each one of the societies is similar, each one is fraternal, but he conducts his business as a matter of fact himself.

Q. Is it not a fact that Mr. Kolb has an office open every day in the year, and that the meeting once a month of the association is merely for the convenience of the members in paying dues in connection with his office that is open every day?—A. Yes.

Q. Now, is there not an element of danger where one man is an officer in half a dozen different institutions?—A. I have heard that suggested; I heard it mooted the other day, and I believe instances have occurred outside of Philadelphia where losses have been occasioned by one man running several societies.

Q. You are familiar with the Peter Crozier difficulty at Trenton?—A. Not at Trenton.

Q. Are you familiar with the difficulties over in Camden, N. J., several years ago?—A. No.

Q. You do not know that Mr. Crozier was a secretary in two institutions at Trenton, and that he used the funds of one to make up his accounts in the other?—A. Never heard of it.

Q. Has any such doings as that occurred in Philadelphia?—A. Not in Philadelphia; I heard of one such instance in Reading.

Q. That is the one involving seven or eight hundred thousand dollars?—A. Yes, sir.

Q. Do you know of any so-called national association that had a failure in more districts than that one at Reading?—A. Yes.

Q. Your judgment personally is that the Reading experiment is not a safe application of the principle of building and loan associations? You would not have a building and loan association conducted as those at Reading were conducted?—A. Oh, certainly not.

Q. The theory of building and loan associations as applied in the United States is copied from the system previously existing in England, is it not?—A. To some extent, yes.

Q. Modified of course, but the general principle?—A. Yes.

Q. It is the principle of cooperation applied to saving, is it not?—A. Yes.

Q. And so far as that principle of cooperation is kept in view the form of the association is of secondary importance, is it not?—A. Yes. I do not want to be understood to be opposed to the Dayton plan.

Q. If a national association, so-called, is honestly managed in the interest of the members, would that of itself be an objection, that it was a national plan operating in two instances?—A. It would be an objection because I do not think that could be so managed.

Q. Are the members of the building and loan associations in Philadelphia confined entirely to the city of Philadelphia?—A. No; but almost entirely; I suppose 99 per cent are Philadelphians, at least.

Q. Does a local association cease to be a local association when its membership goes beyond the locality in which it is organized and works?—A. No; I do not think so.

Q. Would there be any objection to associations operated with members in two counties in a State?—A. No.

Q. Would there be any objection to an association that has membership all over the whole State?—A. Yes, there would be, in my mind, because the members could not meet together monthly.

Q. Why do you draw a line between two counties and four counties?—A. Because two counties would probably be adjacent, and it would be convenient for members to meet. The four counties are separated over a great deal more ground and they could not meet and would not know one another.

Q. Has not your State rather rigid laws in the examination of building and loan associations?—A. Yes.

Q. Don't they apply to so-called State associations as well as local?—A. Yes.

Q. And are they not required to make to the State full and complete reports?—A. Yes.

Q. Then if the State supervision is sufficient, why may not a State as well as the local association work with perfect advantage to the stockholders?—A. I have said before and I repeat it that I do not doubt the possibility of the financial successes of a State or national association, provided it is honestly conducted, but the whole principle of Philadelphia building societies, as I understand it, is a compact, fraternal organization of men who know each other, and that can not be extended to the State or national society. Therefore I have no sympathy with them; I do not object to them financially.

Q. When a local building association is first formed there is usually a large premium paid by members?—A. There has not been any premium for several years.

Q. There used to be, was there not?—A. Yes.

Q. And there used to be for the early series of the association a short maturity period?—A. Yes.

Q. The higher the premium the shorter the maturity period?—A. Yes.

Q. In the latter life of the association there being little or no premium, of course the maturity period extended?—A. Yes.

Q. What is the average maturity period of the building and loan association at present?—A. At present, nearly 12 years.

Q. What was the average period 10 years ago?—A. Probably 10 years.

Q. Twenty years ago?—A. I doubt whether it was below 10. There were societies that were declared out in 8, but subsequent examination of their accounts proved that a false division had been made.

Q. Do the associations in Philadelphia work on the gross premium plan?—A. They have a very great many different plans of premium. I should think the most common form was to deduct the premium from the amount of the loan; that is the gross plan.

Q. That, you think, is the prevalent plan?—A. Yes; but for the last 8 or 10 years there has been no premium, so practically there is no difference what the plan is.

Q. The societies that thought that they ran out in 8 years were gross-premium plan societies as a rule, were they not?—A. Yes.

Q. And the reason they ran out in 8 years was the fact that the gross premium was regarded as earned among the early series?—A.—Yes.

Q. Was not that, in fact, robbery of the latter series for the benefit of those maturing early?—A. Innocent robbery, of course.

Q. Was that not due to this very element of fraternity that you mentioned in connection with building and loan associations?—A. No; it was due to ignorance of the effect of premiums in the series.

Q. Then it was lack of business method?—A. Lack of business knowledge.

Q. Then can there be any natural antagonism between fraternal settlements and sound business management?—A. Certainly not.

Q. Do you think that the present institution is an improvement on the early building and loan associations?—A. Yes.

Q. Then why may there not be an improvement by paid officials managing the associations?—A. I have no objections at all, as I said before.

Q. I know; but you still refer to the fact that fraternal association of years ago is an improvement over the present, do you not?—A. Yes; I made this discovery. By the way, I was the man who discovered the false division of profit, and I made the correction.

Q. Do you find, as a rule, in connection with building and loan associations, that after an age of 3 or 4 years there is some difficulty in the loaning of the accumulated funds?—A. Not especially, but there has been an accumulated difficulty of loaning funds for several years past.

Q. And that is manifest in the decrease in the rate of premium bid?—A. Yes.

Q. What is your opinion in relation to the matter of fixed premiums?—A. Well, the time for premiums of all sorts is past, apparently.

Q. That is due to the low rate charged for which money is loaned by associations?—A. And by the trust companies.

Q. Do you care to express an opinion as to the advisability of fixed premiums?—A. No; I believe in the old plan of having premiums, if money is at a premium.

Q. The laws of your State do not require a nominal premium, say, of 5 per cent, as do the laws of Massachusetts?—A. No; they do not.

Q. Do the laws of your State require a sinking fund?—A. No.

Q. What is your opinion as to a law of that kind?—A. My opinion is that if the legislatures of several States would do nothing except authorize the building society to organize that would be the best law possible.

Q. Don't you think it would be wise for the State to see that these associations are honestly and properly managed?—A. No. I do not believe in governmental inspection of any sort. It is misleading. If a society is managed by its own directors the stockholders will look after it and see that it is honestly managed. If the State steps in and says, "We have sent an inspector; we know the accounts are all right," the stockholders may sit back and think it is all right. I believe in the stockholder attending to his own business.

Q. You know of instances—that is, from general knowledge—where building and loan associations conducted on the so-called Philadelphia plan have been badly managed?—A. Yes.

Q. And the examination has been made by stockholders?—A. Yes.

Q. And reports have been made by auditing committees with the association's consent?—A. Yes.

Q. Is it not a fact that instances of that kind multiplied and led to the demand for State supervision?—A. No. The instances of that kind have not multiplied so far as I know. There were as many in early days in building societies as there have been in later days. Out of a thousand societies you will very probably find only one business secretary.

Q. Well, from whom came the demand, then, for inspection by the State?—A. From politicians who wanted an office.

Q. Was not the inspection indorsed by the State League?—A. It was opposed by it until the men promised to have building societies released from his supervision; he got a salary fixed, and he was false in his promise. He is dead now—that is, the bank commissioner. It was proposed that an office of bank commissioner should be established in Pennsylvania. Very few banks in the State; not much to do; it was desirable to get a salary for the man already picked out; he was to be the bank commissioner. There was nothing for him to do in supervising banks, and he proposed to add to that the supervision of building societies, which would give him plenty of excuse for a good salary. The building association league opposed or threatened to oppose the arrangement, and the legislative committee was asked to keep its hands off. It was promised that after the office had been established, and the salary fixed, and all that, at the next session the law putting building societies under it would be repealed, but that was never done. That is the way the office came to be established. They are now trying to increase the force by law before the legislature, establishing a building society department, and when that is done, the banking commissioner will have his big salary for looking after nothing but banks, and there will be a separate department for looking after building societies.

Q. You think it is no advantage to the public at large to have an examination by the State?—A. Scarcely that. I suppose some general supervision would be possible, but very little.

Q. Do not all the associations in Philadelphia charge an entrance fee?—A. Nearly all have an initiation fee—10 cents.

Q. That is to cover the preliminary expense, books, and the like of that?—A. Yes; that is all.

Q. Many of the associations in Philadelphia have operated for the last 10 years under the gross-premium plan?—A. Yes; the gross-premium plan.

Q. Don't you have what is known as the fixed premium—a premium that is the same to all borrowers?—A. In my time we never had.

Q. I know there are associations in Philadelphia operating under that plan.—A. All the societies I know operate on the gross-premium plan.

Q. That the premium is the same to all borrowers?—A. That would be simply raising the per cent, that is all.

Q. It would, however, make permanent the period of maturity, would it not?—A. Yes; I suppose it would.

Q. What rate of earning is necessary to mature a share of stock in 12 years?—A. About 7 per cent.

Q. You mean that out of that 7 per cent will be deducted the expense of management?—A. I mean 7 per cent clear profit.

Q. Will it require 7 per cent?—A. About.

Q. If the rate of premium is 25 cents a share a maturity period of less than 12 years could be established, could it not?—A. Yes; with an honest and proper management—7 per cent.

Q. In the end the borrower can afford to pay the premium within reasonable bounds? Of course, the larger the premium the better for the borrower?—A. Yes; the better for everybody. The question of premium is a matter of very little importance, provided the member stays in the society for the whole term; he either is a borrower or an investor; that all evens up; he gets his share of it, and the

borrower who does not pay above the average doesn't suffer at all. If he pays a large premium the society may run out in 9 or 10 years, and if the premium is small he will have to be in for 11 or 12 years. It evens up.

Q. But if all borrowers pay the same premiums they are all served alike, are they not?—A. Yes; but that is almost impossible, because the one reason for a premium is that 2 men come in the same night and want the same money, and the only way to determine is to ascertain which one will pay the higher rate of premium.

Q. Have you ever known of an instance where men did not need the money to bid a premium up above the men who absolutely needed money?—A. No.

Q. Could not that occur?—A. Yes; but as a general rule the men of building societies are honest.

Q. Is there a temptation to investors to see that the money receives a larger premium?—A. I do not think anybody as sordid as that enters a building society.

Q. At the present time your experience according to your statement is that there are more investors than borrowers?—A. Yes.

Q. Well, don't they join for the sordid interest on the money?—A. Yes; to a certain extent.

Q. Is it not a fact that the building and loan associations at the present time will yield a larger return on the investment than banks or trust companies?—A. Yes.

Q. Have you noticed any opposition on the part of savings banks and trust companies to the building and loan associations?—A. No; but in recent years in the fall in the value of money the trust companies have followed the building societies' method of loaning money.

Q. The general effect of the building and loan associations on Philadelphia has been of vast benefit to the workingmen, do you not think so?—A. Yes.

Q. You hint in your statement that they have prevented in many respects and in many instances labor difficulties?—A. Yes, sir.

Q. Have they cured socialism among workingmen or led them away from labor difficulties?—A. Yes.

Q. In this way the associations have been of great benefit to the city?—A. Yes.

Q. Are they encouraged by employers?—A. They are greatly encouraged by employers on that account. There is hardly a big industrial establishment in Philadelphia that has not a building society; the members of the firm taking shares in it, not so much for profit, but to show their kindly interest.

Q. The average maturity according to your judgment at the present time is about 12 years?—A. Yes.

Q. That amounts to your estimate and return of 7 per cent on the money invested?—A. Yes.

Q. What kind of houses, Mr. Burk, do the members of these building and loan associations build in Philadelphia?—A. They scarcely ever build a house. They usually buy houses already built, and the houses in Philadelphia that are most in demand cost about \$3,500.

Q. Will you describe that house?—A. A house of that sort would have about 6 rooms; with a bathroom, 7, if you count the bathroom, but we do not usually count the bathroom in Philadelphia.

Q. Is it a 3-story brick house?—A. It is a 2-story brick house, sometimes a 3-story brick house.

Q. How much land?—A. The lots with a small house would be about 16 by 50 feet.

Q. Some yard, then, back of the house?—A. Yes.

Q. How are these houses warmed?—A. Usually by heaters in the cellar.

Q. (By Mr. FARQUHAR.) Furnace or latrobe?—A. Usually furnace; by what we call portable heaters.

Q. Are these houses built by contractors and put on the market?—A. Usually the builders buy a plot of ground and build a whole row of houses at once, borrowing the money from a trust company, and then selling the houses to members of the building societies, with the building society mortgage on it.

Q. Has there ever been any attempt by the building societies to erect their own buildings?—A. In the early days they were formed for that express purpose, but the business failed wherever it was undertaken, because they necessarily bought a tract of land in some particular part of town and put up a large number of houses, and the members did not want the houses in that particular locality, so that they could not carry on that business successfully. The members found it a great deal better to loan their money and go where they pleased and buy houses.

Q. Practically, then, the associations to-day are loan associations with mortgage securities?—A. Yes.

Q. Do you think that the number of associations or the number of members decreases because of any supply of the market, or is it from some other cause?—A. I do not think there has been any actual decline in the number of members in Philadelphia, but the business has been poorer. More want to loan money because they could get money as cheaply from trust companies as from building societies. In the old days when I first joined the society it used to be much cheaper in building societies than it is to-day.

Q. Now you think that the building societies encounter competition as money lenders?—A. It is quite probable that building societies whose rate of interest is 6 per cent will be obliged in the near future to reduce it to 5 per cent.

Q. (By Mr. LITCHMAN.) What will that mean at maturity period?—A. Then, possibly, there being little premium in it, the result will be to bring it up.

Q. If they can get money outside, why would they pay a premium in a building and loan association?—A. I say the rate outside is probably as low as 5 per cent; probably 5½. Now, if that is reduced to 5 then there will be a margin for premium.

Q. Suppose it is 5½. What will be the maturity period then?—A. I can not tell; we have other sources of profit besides interest. I told you it would take 7 per cent for 12 years, and you appeared to doubt it. I find that it produces \$204—that is \$4 above the maturity: 7 per cent produces \$204.

Q. That leads up to another line of inquiry. What is the form of profit apportionment among the societies of Philadelphia?—A. They subtract there—do, you mean between the series or between the members?

Q. I mean what is called the partnership plan.—A. Yes.

Q. Briefly describe that, please, so that a layman can understand it.—A. Where stock is issued in series the several series are supposed to be partners in the concern. One partner has put in only \$12 per share; he has only been in a year; the other partner has put in \$24, and has been in two years; then a third partner, three years, \$36. Now these are treated as partners, and the profits ascertained by finding out what the gain has been—the whole gain. That is divided according to the partnership plan or the rule of three, just an application of the rule of three; and that division is made with the series then. Within that series each member gets his equal share.

Q. Gets that proportion of the profits earned that his contribution bears to the total amount contributed?—A. That is it.

Q. Well, you say you take no account of the element of compounding?—A. Yes.

Q. That is a large element over a series of 12 years, is it not?—A. Of course; that is what I say. Now, as to the interest paid, I have a society which ran out last month, and it was just 12 years old: \$144 I had paid in, and I got out \$200 per share. Now, I figure that I got 7 per cent interest on my money. I do not count my compounding. The society did not get from the borrowers 7 per cent at all. It got from the borrowers 6 per cent, and paid out some losses, but it had other gains from withdrawals, fines, and entrance fees, and all these several gains and losses resulted in 7 per cent gain. That is all simple interest.

Q. (By Mr. CLARKE.) Have you discovered any tendency among workmen of Philadelphia not to own homes nowadays, but to rent?—A. No; I think that still their ambition is to own their own homes. The development of the trolley lines makes it possible for men to live outside of the city limits, and consequently has reduced the value of property within the city, and there are more houses to rent. There are more vacant houses in Philadelphia than I have ever seen before, due to the development of the outlying section.

Q. And have many apartment houses been built in Philadelphia or in the near suburbs?—A. Not at all until 5 or 6 years ago, and now they have 20 or 30 apartment houses, but they are usually for rich people. I do not know of any for poor people.

Q. (By Mr. LITCHMAN.) Do you know of instances where building and loan associations have been used by men in moderate circumstances to pay for houses?—A. Oh, yes; thousands—hundreds of them, anyhow.

Q. Well, houses bringing \$6,000, \$3,000, or \$10,000 each?—A. No; such houses are not wanted by people in moderate circumstances.

Q. The middle class?—A. The ordinary house on which money is loaned by the building association ranges in price from \$1,500 to \$4,000.

Q. Do you know of any instances where the price has gone up as high as \$8,000 or \$10,000, where they were paid for out of the building and loan association?—A. Yes; I bought one myself.

(Testimony closed.)

WASHINGTON, D. C., March 13, 1901.

TESTIMONY OF MR. WILLIAM BURGESS,*President International Pottery Company, Trenton, N. J.*

The commission met at 2 p. m., Vice-Chairman Phillips presiding. At that time Mr. William Burgess, president of the International Pottery Company, Trenton, N. J., appeared as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. LITCHMAN.) For the purpose of the record kindly give your name and post-office address.—A. William Burgess, Trenton, N. J.

Q. You are connected with the pottery business in that city?—A. Yes, I am; as president of the International Pottery Company and as secretary of the Trenton Potters' Association at the present time.

Q. Have you a written statement prepared that you wish to submit to the Commission?—A. Yes, I have a statement to present as chairman of a committee appointed for the purpose.

Q. You will now please present it.

Witness then read the following statement:

The pottery industry, though comparatively young, has in recent years developed into such proportions as to make us feel proud to be called upon to represent a body of manufacturers whose business it is to take of the very dust of the earth and form it into things of usefulness and ornamental beauty, unsurpassed by any other industry or art known to man.

1. HISTORY.

We might divide the industry historically into the prehistoric, the early, the middle, and the modern periods.

We have but one little glimpse into the prehistoric period. Among the very earliest developments of the pottery industry in England we find that a certain earth sent to England from this country by the Cherokee Nation was found to be of great value to the potter of the sixteenth century.

In 1763, the earliest period of which we have a record, a pottery was established in South Carolina which was of sufficient importance to cause alarm among the then well established potteries of England, for at that time Wedgewood wrote Sir William Meredith:

"This trade of our colonies we are apprehensive of losing in a few years. They are establishing a new pot works in South Carolina. They have every material there equal, if not superior, to our own." From that early period until 1832 we find efforts being made to establish potteries in Jersey City, Trenton, and East Liverpool. But they were puny and sickly ventures.

Not until 1863, which we will call the middle period, did the industry become of any commercial importance. We might almost say that the civil war was the accidental cause of its firm establishment in this country. The great demand for goods at unusually high prices, caused by the war tariff, but far more by the enormous premium on gold and the high rates of freight, was the direct cause and fostering influence which brought the industry into commercial prominence. From that date until the Centennial Exposition the business steadily increased in magnitude and rapidly improved in the quality of the wares.

The modern period dates from the Centennial Exposition in 1876. This exposition gave, perhaps, the greatest impetus to the industry, acquainting the world with the possibilities of this country's resources, and revealing to the manufacturers themselves their own latent possibilities.

Although the foundation for our industry was laid between the civil war and the Centennial Exposition, yet it is within the last 25 years that the wonderful and artistic superstructure of our modern American ceramics has grown and developed to its present proportions and high position in the pottery world of to-day.

As we look over this period of our history we would note several prominent epochs. While, at the beginning of this period, we were making in commercial quantities the ordinary grades of yellow and Rockingham, C. C., and white granite wares, for table and toilet purposes, there was little or nothing being done along the artistic lines either in designs or decorations.

A few artistically-minded men indirectly connected with the industry established small decorating shops to whom the manufacturers sold their white ware, and in return had them decorate wares for the pottery shipments.

The demand for these goods, however, increased so rapidly that one after another of the manufacturers found it necessary to establish decorating departments in their own works. Some have developed the artistic and decorative side to such an extent that their wares are now produced only as a necessary medium on which the decorations are to be applied.

Closely following the establishment of the decorating departments came the development of the so-called sanitary ware. Rapid progress has been made in recent years, so that articles, not only of use but highly ornamental, are now produced in Trenton—articles for sanitary purposes from an ordinary soap slab to the elaborate and artistic bath.

Tiles, ranging in quality from the cheapest floor tile to those of most exquisite design and coloring, have been produced during this period.

One of the most recent useful and mechanically complicated additions to the industry is the manufacture of electrical fittings.

We are to-day making in all lines of clay products wares equal in quality and variety to the finest made in any part of the world. We quote from a prominent English manufacturer having business in this country, which is a matter of record: "I am convinced that the Americans have superior materials to what we have in Staffordshire, or they could not produce the wares they do. They have every material necessary. The difficulty as to strength and soundness they have overcome, in my opinion."

Another manufacturer engaged in exporting goods to this country stated: "I have been in the United States and have had opportunities of seeing the quality of their goods (referring to the American products). My impression is that the goods they are now making are superior to our own."

2. CAUSES UNFAVORABLE TO THE INDUSTRY.

A. Among the causes unfavorable to the development of the pottery industry, I would put, first, want of adequate governmental protection. All the material requisites lie idly in the ground until accidentally, as stated above, the war produced so high a premium on gold as to afford a handsome protection to those desiring to start the manufacture of pottery wares in this country.

If we look over the ceramic development throughout the world's history, I believe we will find that, without exception, the infant industry has been protected and fostered by royal favor. We read in Holy Writ (1 Chronicles iv, 22, 23): "Jokin and the men of Chozeba and Joash and Saraph, who had their domains in Moab. These were potters. They dwelt with the King for his work."

In more modern times we need but refer to the Royal Copenhagen works, the Sevres Works of France; the Bow and Chelsea, the Royal Works of Worcester, and the Crown Derby, all of England, with numerous other potteries which were either directly under government control or under royal patronage and favor. In fact, the governments of Europe have thrown around this art the special mantle of their protection. In England Wedgwood was made potter to the Queen, and unlimited royal favors were bestowed upon his work, protecting him for years by absolutely prohibiting the introduction of pottery from other countries.

B. Until recent years the pottery business in this country was not considered a factor worthy of much governmental attention. The much higher recompense awarded labor in this country as compared with the poorer paid working classes of Europe has militated greatly against this industry's development. The rate of duty imposed upon the foreign potter's product in recent years, though seemingly large, has never been commensurate with the difference of wages paid for the same class of work in foreign countries.

C. There are a few industries that require a more general knowledge of chemistry and physics and more practical hard common sense and business ability than does our industry.

D. The time consumed in the process of manufacture is of such long duration and the most of our product is bulky. On these accounts a large amount of capital is required to start a plant on a paying basis.

E. Skilled labor and men of artistic education and taste were wanting and had to be developed.

F. Wealthy importers and agents of rich foreign manufacturers have fought every inch of progress attained by the American manufacturer. The general tendency of the American people to think that the imported article of any manufacture is superior to the domestic has been recognized and put to the best use by these agents of foreign manufacturers, and until recently this has been one of the most difficult obstacles to overcome. It is by sheer merit that the American product has forced itself upon the notice and into the homes of the American people.

G. Want of technical schools has retarded the more rapid growth of the industry.

H. The greatest of all setbacks to the industry of recent years was the enactment of the Wilson tariff law, which gave the industry such a stunning blow as to paralyze it for years.

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3. CAUSES FAVORABLE TO THE DEVELOPMENT OF THE INDUSTRY.

A. As referred to above, the high premium on gold during the war times was the original and at the same time the most favorable cause.

B. The natural resources of our country, with unlimited beds of clay, flint, feldspar, and coal.

C. The bulky nature of the cheaper grades of ware.

D. The length of time necessary between the placing of an order and the receiving of the goods has had an influence in our favor.

E. The Centennial, the New Orleans, and the Chicago expositions showed to the people what could be done.

F. The results of the information obtained by the Tariff Commission of 1882 gave to our legislators some idea of the extent and value of the industry which resulted in tariffs which were protective to an extent.

G. With the increased wealth of the country new demands for more artistic and costly goods were speedily answered by the American manufacturer.

H. The opening of technical ceramic and art schools in recent years has been of great assistance in the production of superior grades of ware, and in more recent years the feeling among the masses that what is of American make is good enough for them, together with the real merit of the product, has been a great help and stimulus to our industry.

4. WHERE LOCATED.

Potteries for the production of these wares are now located in Massachusetts, Connecticut, New Hampshire, New York, New Jersey, Pennsylvania, Maryland, Ohio, Indiana, Tennessee, and Missouri.

5. MATERIALS.

Materials entering into our production are derived from many States—Maine, Massachusetts, New Hampshire, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Ohio, Illinois, Missouri, North and South Carolina, Georgia, Florida, and Texas.

6. RESULTS.

We find that in the last half century the business has developed from almost nothing to (approximately) two and a half million dollars in 1876, five and a half millions in 1882, and eighteen millions in 1900, employing upward of twenty millions of capital and 20,000 employees, men, women, and children, and supporting directly and indirectly 30,000 more people.

One noticeable fact is that in 1882 the rate of wages was to the materials used as 5½ to 4½, while in 1900 it was as 6½ to 3½, showing the increase in the labor value of our improved product.

It is also a noticeable fact that while the selling price of our wares has been greatly reduced the wages paid to our labor have been, on the whole, increased.

We would also note the improved conditions and surroundings for the laboring classes in the factories and in their homes. These and better understandings and more friendly relations between the employers and the employees give foundation for the belief that the pottery industry is here to remain as an ever-increasing factor in the industrial interests of this country.

Q. (By Mr. LITCHMAN.) What is the name of the company of which you are president?—A. The National Pottery Company.

Q. How is that company made up?—A. It is a stock company under the State laws of New Jersey, having I do not know how many stockholders. It is a private stock corporation.

Q. What is the capital stock?—A. One hundred and twenty-five thousand dollars.

Q. It is not, then, a combination of several potteries?—A. No.

Q. Is there such a combination in the trade?—A. Yes; there is a company, the Trenton Potteries Company, combining a number of companies. Mr. Campbell can speak on that question more intelligently than I can.

Q. You simply represent, then, one corporation engaged in the business?—A. Yes.

Q. And the special line of your work is what?—A. Table and closet ware; white ware.

Q. You made reference to the difference in the rate of wages in the statement presented by you. Have you had any personal experience other than you have indicated in your statement?—A. Yes; rather a wide experience.

Q. Will you kindly state what it was?—A. I was consul under President Harrison in the pottery district in Great Britain and had there opportunity of looking into all facts and conditions and figures relative to the wages paid there, which enabled me to make comparisons with the wages paid in our own country.

Q. (By Mr. PHILLIPS.) Were you engaged in the pottery business in this country at that time?—A. Yes.

Q. (By Mr. LITCHMAN.) We would like to have, as part of your testimony, a table of comparison. Of course, if you have it now it would be all right; if not, it could be submitted when your testimony is given to you for revision.—A. I have such a table, but of course it is a little antiquated; it is not quite up to date, but it is accurate, or was accurate at the time of its compilation.

Q. You have such a table with you?—A. I have such a table with me and can refer to the Consular Reports, No. 132, September, 1891, page 41.

Q. Could you not, without too much trouble, bring that table down to date?—A. It would be almost impossible on my part, because one would have to be on the ground to get the foreign information. I know wages have increased in England in a general way, but just exactly how much the increase has been and what changes have been made it would be impossible to arrive at from this distance.

Q. You think the increase at home has kept pace with the increase abroad?—A. To answer that question I would have to explain a little more fully. Conditions have changed somewhat; certain articles that were formerly made by hand, or "pressed," as we say, are now being made by machinery, on our "jigger." There is a fixed ratio of cost between those two, in a general way. The jigger work is two-thirds pressed work, but most of that pressed work was done by apprentices at from 33 $\frac{1}{3}$ down to 15 per cent of the standard working list.

Q. At the time this table was made what was the relative rate of wages in the two countries?—A. There was a difference of 129 per cent; they were 129 per cent higher in America than in England. The difference in the price of materials was 47 per cent, they being that much higher in America than in England.

Q. (By Mr. CLARKE.) Is the work done by the piece?—A. Almost entirely. We have what we call day-wage work, but there is a certain stand to be taken for days' work. For the kiln work, for example, we pay \$2 a day, but the men expect to make \$9 a week—\$1.50 a day. As a matter of fact, they often make more.

Q. (By Mr. LITCHMAN.) Will you give us a fair statement of the rate of wages earned by employees in the Trenton potteries at the present time—say, during the year of 1900?—A. They have what they consider a minimum rate of wages. As a general thing they work by the piece, according to the standard scale, which we have.

Q. That scale is made up between representatives of the workmen and representatives of the employers?—A. Yes. Last March we had a meeting in Pittsburg between manufacturers representing all the pottery manufacturers of the country and workmen representing all the laboring end, and we made a standard uniform scale, which, however, was not adopted in the East, after their representatives had pledged themselves to see that it was adopted. But it is in use in every place in the West—in all the Western manufactories.

Q. (By Mr. PHILLIPS.) You spoke of the representatives of all labor people. Are the labor people employed in the pottery industry organized?—A. Yes; generally.

At that time the committee that came before us assured us that they represented every branch of the industry, in all its parts, and had full power to act and settle for the entire industry. We worked for two weeks over that list, and had a pretty hard time getting down to satisfactory figures and in producing a uniform wage scale to be adopted by the manufacturing and operative potters of the United States of America, to go into effect May 1, 1900.

Q. Could you leave a copy of that for our records, please?—A. Yes. (See exhibit.) To go back to the question you asked me. The wages are paid almost entirely on the piecework basis, but they reckon that the presser must have at least \$2.75 a day. That is the minimum. The jigger man, dish maker, and mold maker must have at least \$3 a day. A big jigger man working on large machinery must have \$3.50 a day. The kiln man must have \$2 a day for a day's work, as specified in this wage scale. Those are the minimum rates of wages that are paid.

Q. That is, you have to furnish work enough to yield that daily wage? Is that the idea?—A. No; not that; but they are not satisfied if their piecework price does not come up to that. It must all come up to that, and if we have any daily wage work to do on any article where piecework price is not settled, they get that much per day for their work.

Q. Is the feeling between the employers and the employees at the present time harmonious?—A. Yes.

Q. How long a time did this agreement of last March cover?—A. No time limit.

Q. Then, unless it was set aside, it was for an indefinite time?—A. Yes.

Q. Has there been any increase in wages since 1891 to the present time?—A. Yes; there has been a decrease and an increase of 12½ per cent. The reduction was made about the time the Wilson tariff bill went into effect, and the wages were restored when the Dingley law went into effect.

Q. Then, the rate of wages now is substantially what it was in 1891 and 1892?—A. Yes; the rate of wages is, but there have been a good many so-called fancy shapes introduced, on which they get a higher rate of wages—a percentage added to this particular list; so that the actual wages drawn by potters I believe to-day is greater than they have ever been in the history of the business.

Q. (By Mr. LITCHMAN.) We would like a statement showing about what the wages are for the potters in the different branches if you could supply it without too much trouble.—A. That would be a very difficult thing to do on account of the variation of the kind of work that is being done. One week a presser will earn \$23 or \$23, and the next week he will not have the same work, and it will not pay him quite so well, and it will go down around \$15 to \$18.

Q. How are payments made of wages?—A. In Trenton, weekly; in the West, semimonthly.

Q. (By Mr. PHILLIPS.) Can you give us, approximately, the number each of men, women, and children employed in your works?—A. I could not give that information offhand. At the present time I know, approximately, that the adult male labor is far in excess of the female labor.

Q. (By Mr. LITCHMAN.) You have no tenements connected with your factories?—A. No.

Q. Then the workmen either own their own homes or are tenants aside from any connection with the mill?—A. Yes; a great many of them own their own homes.

Q. Could you give a sort of idea of the number of days' work in a year that they have at the present time, or have had, say, for the last 2 or 3 years?—A. I feel perfectly safe in saying they have had at least 350 days' work; of course, leaving the Sundays out, but they generally have a shut down of a week at Christmas time and about the Fourth of July for repairs. Outside of that there has been steady work.

Q. Has the number of persons employed increased in the last 3 years as compared with 6 years ago?—A. Oh, yes.

Q. Then if there has been no increase in the rate there has been an increase in the number of days' work in the year and the number of people employed?—A. Yes.

Q. How about the hours of labor per day? How many hours per day?—A. The nominal hours are 10 hours—from 7 to 6; but the different branches have different hours, and, being piecework, as a matter of fact they generally work about 9 hours.

Q. Is Saturday half holiday generally observed?—A. In the summer time it is, but in the winter they generally shut down at 4 o'clock Saturday afternoon.

Q. (By Mr. PHILLIPS.) Where do you get the best material to make the finest grade of goods. Where is it obtained?—A. There are 3 main ingredients that enter into the body of the ware: Flint, feldspar, and clay or kaolin. The finest feldspar comes from Maine, although that does not vary very much in quality. The flint comes from a number of the middle States, all being of equal quality; there is very little difference. The finest china clay and kaolin comes from Florida. I suppose you would say Florida and North Carolina and South Carolina. Delaware produces a great deal of the clay that we use the greatest quantity of.

Q. I suppose the price of this material depends largely upon its quality?—A. Yes.

Q. The finest grade is of comparatively highest price per ton, is it not?—A. It is higher, but there is not as much variation in price as in the freight rates. It makes it very much more expensive to get clay from Florida or South Carolina than it does from Delaware.

Q. Where are the works located that make the finest grade of goods?—A. In answering that question I would say that the Ceramic Art Pottery, of Trenton, makes the finest grade of goods. They are beautiful and high priced. Then the Rookwood Pottery, of Cincinnati, makes an entirely different line of goods, but exquisite in finish. Of fine tableware and china there is some made in Trenton and some at Syracuse.

Q. Do you consider that equal to the china ware from abroad?—A. Yes.

Q. You made the statement that we make about as good china as is made in Europe?—A. Yes. I would like to refer a little to more of a general line of table and toilet ware. I do not think we have anything that will run in quantity and quality equal to some of the best grades of French china ware for table purposes at the present time.

Q. Where are the largest works located in this industry?—A. At East Liverpool is the largest, the concern known as the Taylor & Knowles Company; but the largest aggregation of potteries is the Trenton Potteries Company.

Q. At East Liverpool do they make the finest grades, or what is the line of goods chiefly there?—A. They make three or four distinct lines of goods there. They make the china hotel goods principally, a very fine grade. Then they make a semiporcelain, which has an opaque body. They make the white granite, which is the ordinary common line of white ware, and they make the OC ware, which is a still cheaper grade. Then they make the yellow and Rockingham wares.

Q. Have you anything else to observe about any of the other works that would be of interest or importance to the commission?—A. I think we ought to call special attention to the very great development in electrical porcelain. That has made wonderful strides in this country, and is producing goods far in excess of anything made in any part of the world both in quantity and quality, I should say, not knowing positively about the quantity.

Q. Where is that chiefly made?—A. As far as any one center is concerned, Trenton. It is made in scattering places throughout the country, but Trenton is the principal center.

Q. (By Mr. LITCHMAN.) You spoke of manual training schools. Would you have them established expressly for the pottery industry or have them as an adjunct to the general instruction in manual training?—A. I should have them as an adjunct, as the manual school at the Ohio State University is at the present time. There is a school of ceramics there, and there is also a school in New York, at the Seventh Day Baptist concern up near Buffalo, Alfred University. The State has made an appropriation for a ceramic school in connection with that institution. There is a movement being made to establish a ceramic department at Rutgers College, in New Jersey.

Q. Would you be in favor of State aid for such schools?—A. Yes.

Q. Similar to that given the textile schools in Massachusetts?—A. Exactly; just what we need.

Q. Have you any legislation to suggest in connection with your trade?—A. I do not know that we have very much to suggest outside of the matter of freight rates. We have taken that up with the Interstate Commerce Commission. The facts are that goods are being laid down all along the Mississippi—at St. Louis, Kansas City, and almost any of the Western towns—from Liverpool, England, at considerably less rates of freight than they are either from East Liverpool or Trenton to those points. For example: The last rate of freight that we had from Liverpool, England, to St. Louis was 27 cents a hundred, while from Trenton to St. Louis it was 41 cents a hundred. Only as I got on the train to-day, a leading manufacturer was asking me about freight matters. He said: "Do you know that they are landing goods at Philadelphia from Liverpool, England, at only 5 cents a hundred more than we are landing them from Trenton, which is thirty miles away?"

Q. You have some water transportation from Trenton to Philadelphia, have you not?—A. Yes; but the railroads control the canal, so there is little in that.

Q. Is this difference in freight sufficient to overcome in any way the tariff duty?—A. Not at all. In the West it is. In the Far West and on the Pacific coast the duty cuts no figure, because the English manufacturers can land their goods by sailing vessel, taking a longer time and going round the Horn, at such a rate, that the duty amounts to nothing at all. I remember one example where they were landing them at about \$2.50 a ton at San Francisco, when our rate was \$27 a ton; so that the duty cut no figure at that time at all, on the Pacific coast.

Q. (By Mr. PHILLIPS.) Under those conditions do you sell any goods from the Eastern potteries in the Rocky Mountains or on the Pacific coast?—A. I do not think they do of any consequence. I know we do not. They may sell some from East Liverpool in bulk carload lots. They may do that, but we have no trade there.

Q. What reason do you assign for the railroads making such a great distinction between the foreign and domestic goods in the freight rates?—A. I have no explanation, and can not conceive of any reason why it should be done.

Q. Are the railroads in any wise connected with the ships that bring these materials over?—A. Yes; they must be. They are, because they are landed almost entirely from Newport News, from England, and go by the Chesapeake and Ohio Railroad west.

Q. What have you to suggest as a remedy for this great wrong that is perpetrated on your people?—A. I do not know that we have anything to suggest except to get the freights equalized. We understood that the law is that the long haul shall never be less than the short haul. In this particular case, from Newport News to San Francisco or St. Louis, including the 3,000 miles of water freight, the rate is 14 cents a hundred less than it is from Trenton to St. Louis.

Q. You spoke of having a case before the Interstate Commerce Commission. What became of that?—A. That particular case was appealed to the Supreme Court of the United States, and the court decided in favor of the railroad.

Q. (By Mr. KENNEDY.) You said you supposed these goods were landed at Newport News by ships running in connection with the Chesapeake and Ohio Railroad. Do you know that that is so?—A. I do not know the connection between the railroad and the ships, but I know they are landed at Newport News and take that route to the Western points.

Q. That is the practice generally, is it?—A. Yes; and in that connection I would like to call the commission's attention to the fact that they go through in bond. There is no examination made there by the customs authorities, and when there is any examination it is merely formal and a farce. They will take off the end of a crate and nail it up again. We feel that so far as actual examination for tariff purposes is concerned, the law is not being carried out as we hoped it would be when the tariff was enacted.

Q. (By Mr. LITCHMAN.) Is the duty specific or ad valorem?—A. It is an ad valorem duty; but the German goods are being sold now in this country considerably cheaper at a 60 per cent rate of duty than they were at a 35 per cent rate of duty, and most of those German goods are coming in through Newport News and going from Newport News to New York City and Philadelphia.

Q. (By Mr. CLARKE.) Are they examined by inspectors and appraisers in New York and in St. Louis, the point of destination?—A. In St. Louis I believe they are, but not in New York. They pass through an examination at Newport News and avoid it at New York.

Q. You think that examinations at Newport News are defective and inefficient?—A. I only know from conversations I have had with one who went there, who stated that the examiner did not know one piece of ware from another by name, to say nothing of the value of the ware.

Q. Have you made any complaint about that to the Treasury Department?—A. Yes.

Q. Has it been heeded?—A. Yes: an expert went from New York and remained there for some time to instruct the examiner there, and tried to get things in better shape. Importations were suspended for a short time while this other examiner was down there: they did not come over quite so fast.

Q. You think they have been resumed since?—A. Yes; the goods are coming in.

Q. (By Mr. PHILLIPS.) And under the same conditions, are they? Have the conditions improved?—A. I do not know. This man is supposed to know more about the business than he did before the New York examiner went down to instruct him.

Q. (By Mr. CLARKE.) You find no fault with their being examined at Newport News instead of New York if the examination is efficient?—A. No; there would be no objection to that. In fact in this connection we were instrumental in having Mr. Mark Brewer, ex-Congressman, who is a potter and one of the most intelligent of potters, appointed as assistant appraiser at the port of New York. He did very efficient work there, so efficient that the importations into the port of New York were very greatly reduced. They came some other way. It was not any handier for them to come to Newport News than to come to New York.

Q. (By Mr. FARQUHAR.) You know that the administrative section that is attached to all tariff bills is in force in every part of this country?—A. Yes.

Q. And the same rules that obtain in New York obtain in Newport News?—A. Yes.

Q. And in New Orleans and San Francisco. In every case of an infraction of that kind is it not proper on the part of the pottery men to make protest to the Treasury?—A. I presume it would be, but it is almost impossible to get evidence unless someone lives there.

Q. Undoubtedly. Still, would it not be worth while to do it?—A. I think perhaps it would if we had authority to go in and inspect and find out something about it. But you know that outsiders are not allowed inside of the inspection room unless they have some authority.

Q. Where the goods are landed finally under bond and come into the hands of the local appraiser could not you men know exactly what was coming in in the bonded line?—A. Oh, yes. Of course, anything coming through in bond, it does not make any difference where the port of entry is. There is no examination there.

Q. So that finally your appraiser at the delivery of the bonded goods has an opportunity of knowing exactly what is in the whole of it?—A. Yes.

Q. Do you think that is a proper remedy?—A. Yes, if we have competent men at each port of entry or port of destination.

Q. (By Mr. LITCHMAN.) Would a specific duty be feasible?—A. It would. The American potters were here for several months during the formation of the present tariff law, and we had it in such shape that we knew it would be satisfactory and workable, as did also Colonel Tichenor, who was a tariff expert; but Senator Allison and Senator Aldrich simply would not have it that way. They said that they would allow us to have a specific duty, but they cut the rate so that it was almost nothing, and we had to go back to the old ad valorem rate, which was not satisfactory and I do not believe ever will be satisfactory in collecting the duties from those who are intentionally dishonest from the other side. We have little or no trouble with English goods. We had a good deal of trouble with the French goods a year or two ago, and a great many invoices were held up. I think all the French goods, or almost all, were imported by the manufacturers' agents here and then sold, but the German goods are something that the examiners themselves say they do not know how to manage. They vary so in price that they claim there is no standard, and yet the Government has had their experts abroad looking into all the German makes and trying to arrive at a standard.

Q. (By Mr. FARQUHAR.) Under the tariff you have never from the first had any but ad valorem duties, have you?—A. No.

Q. You said that your business was built up through the difference in the price of gold?—A. Yes.

Q. Could not your business exist at all without the American tariff?—A. Not in its present condition. There is only one way of keeping it going without the tariff, and that is by reducing the cost of the goods, which is simply labor and material. We have not the control over material, and consequently the reduction would have to fall on the labor, which is not overpaid compared with that of other like industries in this country.

Q. You regard your present ad valorem duties as insufficient?—A. No; if they are properly collected I believe the present duty is satisfactory. If it was higher there would be more incentive to fraud.

Q. With the exception of brown or yellow ware, your duties are now twice what they were under the Wilson bill, are they not?—A. From nearly 30 and 55 to 35 and 60 for the white.

Q. And would not the exception of the tariff bill of certain classes of imported goods be just as good as a specific duty?—A. As to the mass of foreign goods discriminating against German goods, for instance, that would be all right.

Q. Why was Rockingham undecorated ware put at 40 cents?—A. Because we were making so much of it here. It is bulky stuff, and it was so cheap that the freight item and the transportation on the other side were to be considered. It had never been as high as that. Our present rate of duty is the same as it was under the McKinley law. It is exactly the same rate and the same as in the law before that. The act before the McKinley law did not charge a duty on packages, and then there was more fraud. At that time all in one invoice I had coming across 55 per cent of the total invoice was package and 45 per cent ware.

Q. (By Mr. KENNEDY.) I would like to ask you if all this Japanese ware that we see in stores in different cities, Atlantic City particularly, is imported ware?—A. Yes; most of it.

Q. Is some of it manufactured in this country?—A. I do not know whether there is any manufactured at all. I do not know of any at the present time. There was some years ago at a little town up the Hudson River, but in very small quantities. But there is no object in manufacturing it. You can not possibly produce it at the price you can import it.

Q. There is no deception about that ware? It is all genuine Japanese ware?—A. Oh, I think so. It is Japanese ware. We were very much alarmed about that Japanese ware some years ago on account of the excessively low wage rate in Japan, and then some machinery went from Trenton to Japan to make pottery there; but we felt very much more contented after we learned that there is no certainty of an importer getting his order after it is placed. A good many orders having been placed there, they would make one lot and never duplicate it, so that as a commercial competitor in our line the Japanese have not yet assumed very great proportions.

Q. You spoke about some of your workmen making 9 days in a week; is that very extensive in the pottery trade?—A. Oh, yes.

Q. On overtime work?—A. Yes; for that particular branch of the work—the kiln work. They would not be contented with \$3 a day if they could only make 6 days a week.

Q. Is it desirable to have men make 9 days?—A. Oh, they get home at 5 o'clock.

Q. And go to work when?—A. At 7 in the morning, and take from 15 minutes to half an hour for lunch, which is something that I do not think is known in any

other industry. Again, they have an hour at noon and go home from half past 4 to half past 5 in the afternoon.

Q. And go back again?—A. Oh, no, no; they make their time in those hours.

Q. (By Mr. LITCHMAN.) Is that done in the filling of the kiln?—A. Yes.

Q. What is the amount that is put in in the filling of the kiln?—A. It is so many boxes of wares.

Q. (By Mr. KENNEDY.) It is not by hours, then, it is by stint?—A. By stint.

Q. (By Representative BELL.) I would like to ask one question about the wage scale. You speak of the difference in wages in Europe and this country. I notice the English statistics are constantly mentioned and the facts given in the comparisons, and you say that the wage in this country is so much and in England it is so much less. Still you find that the cost of living, etc., in England is as much as in the United States, or nearly so, do you?—A. I tried to find a report I had before coming down, but I have mislaid those consular reports giving the cost of living in England as compared with Trenton, having the two pottery centers compared with one another and comparing house rent and the same grades of clothing. There is very little difference in the actual cost of living if they live the same way. But the English potter is perfectly willing to wear a flannel shirt and a handkerchief around his neck from one week's end to another. That is the way they come to this country generally. When they are here a few weeks or a few months, they want to do as their neighbors do, and have a white shirt and a white collar and a nice necktie and a pair of patent-leather shoes, or something of that kind. They actually spend a good deal more money here. But if they lived in the same way that they do over there, I doubt whether living would cost but a very small fraction more than it does there. They have to spend more money here on account of the climate. In the winter and in the summer they have to live in a different way. They have to have different kinds of food, and in that way it makes living in the United States more expensive. But living in the same way in the two countries, using the same articles of food and clothing just in the same way, the only difference would be a matter of difference in rent; and, then, if they lived in the same way with the same kind of houses that they do there, there would be very little difference in that. There they have no cellars in the houses, simply brick walls, and the matter of having a furnace or anything of that sort under a house among that class is something unknown. They have a single spigot outside to draw their water from, and they have not any hot and cold water in the house. That is a thing unknown, and in that connection I am glad that point was brought up. The reason why we have taken the English rate of wages and compared them with the American is because the English wages are the highest paid to this class of labor next to the American; the French come next, and the German are almost half what the English pay.

Q. (By Mr. CLARKE.) How do the savings of the pottery operatives abroad compare with them in Trenton?—A. I do not know that I can answer that question intelligently, because I have not the facts. There is one instance that will illustrate the amount of savings. While I was in England they had an unusually severe winter. Their water pipes are not buried very deep and the frost got in and shut the factories down for 2 weeks. During that time they had to open soup kitchens to keep these people going. There were no large savings in a general way stored up among those people. That was in the town of Burslem.

Q. Have you any data as to the savings of the operatives in Trenton?—A. No.

Q. Is it a fact that generally they do accumulate and make deposits in savings banks?—A. I think, like those engaged in all other industries, there are some frugal men among them that do save quite a little. We had one man, an Italian, as an extreme illustration, who made the cheapest grade of stuff that we make in the pottery, namely the cases that the ware is fired in. He retired after some years on the place. I asked him what he was going to do. He was going to live off his income.

"What income have you got?" I asked.

"I have 29 houses that I am drawing rent from," he replied.

His was an extreme instance of frugality. On the other hand, there are a great many men that come in for their pay Saturday afternoon and come in again Monday morning and want to borrow a dollar, after going off with from \$15 to \$20 the Saturday afternoon before. As a rule, I should say the potters were like all other mechanics; perhaps a good many of them are frugal.

Q. Is it your opinion from your observations in both countries, and from your knowledge of the wages paid in both countries, that they can with equal prudence save more and still live according to the American style in this country?—A. No question about that. I have asked the most frugal men in this country that question myself and they have acknowledged it.

Q. (By Mr. KENNEDY.) Have you any controversy with the Jiggermen and Dishmakers' Union of Trenton?—A. No; we have no controversy. There is a

controversy between the National Brotherhood of Operatives in the country at large and the local jiggermen at Trenton on this scale of wages. I think you were in the room when I spoke of the uniform scale. They would not stand up to the action of the brotherhood at Pittsburg; said they had no authority to ask for them. The consequence is we are paying in the East at the old rate of wages, which is considerably higher than they are paying in the West, which they are now paying on the new uniform scale of wages.

Q. Are your relations with this union cordial and satisfactory so far?—A. Both unions.

Q. You do not know that they have any complaint to make against their employers at all?—A. No. If you had met us in Trenton there was one of the prominent jiggermen who works on the place that was going to represent the men there.

Q. That is why I asked. I have a letter here in which they speak about appearing before the commission.—A. They gave me a copy of their constitution and by-laws to see whether it was satisfactory.

Q. (By Mr. FARQUHAR.) As you have some knowledge and experience of both sides in establishing your work in Trenton, what have you to say as to the difference in efficiency of the American workman and the English workman, and the amount each turns out and the wages earned?—A. The English workman is put through a longer and more severe school of trial. The consequence is, as a rule, he turns out a better finished article. As far as the efficiency of the machinery is concerned, there was a party from Australia visiting this country during the past summer, an Englishman wanting to start works in Australia. He went to England to get points. Some of the most prominent English manufacturers there said, "if you want to get up-to-date machinery go to America," and he came over here and inspected the American works.

[A.—Exhibit in connection with Mr. Burgess's testimony.]

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, to take effect May 1, 1900.

WHITE GRANITE AND SEMI-PORCELAIN

CLAY MAKING.

Iron chambers presses, 1 cent per leaf, including all pugging and delivery of clay on elevator.

DIPPING.

Ware thrown out on grid and not sponged at tub, 45 cents per kilnman's day's work. All pin ware placed in first ring to be paid at same rate as kiln work.

Hooking ware, 65 cents per kilnman's day's work. Firm to furnish sponges and gatherer where ware has to be gathered. Ware to be delivered at tub, and glaze to be delivered and sieved by firm. All extra dipping to be settled by standing committee.

Day wage, dipping, \$1.

DISH MAKING.

Bakers:		Dishes:	
Oval—		Oval—	
2½-inch	\$0.00	6-inch	\$0.12
3-inch	.09	7-inch	.13
4-inch	.10	8-inch	.15
5-inch	.11	9-inch	.16
6-inch	.12	10-inch	.18
7-inch	.13	11-inch	.20
8-inch	.15	12-inch	.22
9-inch	.16	13-inch	.25
10-inch	.18	14-inch	.29
Square—		15-inch	.37
3-inch	.12	16-inch	.37
4-inch	.14	18-inch	.46
5-inch	.15	Square, plain—	
6-inch	.16½	6-inch	.16½
7-inch	.17½	7-inch	.17½
8-inch	.20	8-inch	.20
9-inch	.22½	9-inch	.22½
10-inch	.25	10-inch	.25
Dishes:		11-inch	.27½
Oval—		12-inch	.30
2½-inch	.09	13-inch	.33½
3-inch	.09	14-inch	.40
4-inch	.10	16-inch	.52
5-inch	.11		

Fancy festooned and embossed dishes to be set by standing committee. Day wage on dish machine or for dishmaker, \$3 per day.

The number of apprentices at the dishmaking trade shall be 1 apprentice to every 3 journeymen or less, and shall serve 5 years, subject to the same discount as the apprentice presser. Same conditions as pressers as to discount off for clay.

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Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

HANDLING.

Chamber covers, turned.....	\$0.12	Mugs:	
Chambers:		24s.....	\$0.08
Handling.....	.08	30s.....	.08
Knobbing covers.....	.06	36s.....	.08
Turned-up handles.....	.06	Mustache cups, lip and handle.....	.20
Cups:		Mustards:	
Chocolate, extra thin.....	.05	Handling.....	.04
Coffee—		Sticking on knobs.....	.04
Block-handled.....	.04	Cutting covers.....	.04
Open handle.....	.04	Spoons.....	.06
Extreme extra thin.....	.06	Spitting cups:	
A. D., open handle.....	.04	Turned-up handle.....	.08
A. D., block-handled.....	.08	Pressed handle.....	.08
Jumbo.....	.06	Spoon holders:	
Hotel.....	.04	Turned, sticking on foot.....	.06
Tea—		Two handles.....	.12
Block-handled.....	.03	Sugars, hotel:	
Thin, open handle.....	.04	Handling.....	.08
Extreme extra thin.....	.05	Sticking on ears.....	.08
Hotel.....	.04	Sugars, toy:	
Toy—		Two handles.....	.08
Open handles.....	.04	Sticking on ears.....	.06
Block-handled.....	.03	Teapots, toy, spouting and handling.....	.20
Mustards:			
Ordinary.....	.04		
Thin.....	.04		
Egg cups, double.....	.06		

Where covering or ringing of cups exists, same prices to be paid as heretofore.

HANDLING—APPRENTICES' SCALE.

First year, 20 per cent; second year, 15 per cent; third year, 10 per cent off.

JIGGERING

Basins:		Chambers—Continued.	
Mouth.....	\$0.18	Cable, 12s.....	\$0.20
Outside.....	.35	Turned, same as cable.....	.50
Inside, 6s.....	.30	Comblunets.....	.50
Inside, 9s.....	.25	Creams:	
Inside, 12s.....	.20	Individual and toy.....	.06
Bowls:		Block, individual.....	.06
Oyster—		Cups:	
24s, with ball or bat, turned.....	.03	Turned.....	.02
30s, with ball or bat, turned.....	.03	Sponged.....	.03
36s, with ball or bat, turned.....	.03	Cuspidors, jiggered only.....	.50
Where necessary to run up, all sizes.....	.04	Egg cups:	
Punch—		Double.....	.04
7-inch.....	.20	Single, "block".....	.03
8-inch.....	.20	Ewers.....	.30
9-inch.....	.23	Ewers, mouth.....	.18
10-inch.....	.24	Fruits:	
24s, sponged.....	.06	Plain.....	.02
30s, sponged.....	.05	Festooned.....	.02
36s, sponged.....	.05	Ice creams:	
St. Dennis—		Plain.....	.02
All sizes, with ball or bat, turned.....	.03	Festooned.....	.02
Where necessary to run up, all sizes.....	.04	Jugs:	
Brush vases:		Hall-boy—	
Toilet.....	.10	12s.....	.18
Turned.....	.08	24s.....	.15
Butters:		30s.....	.14
Individual—		Ordinary—	
Plain.....	.02	6s.....	.23
Festooned.....	.03	12s.....	.18
Covered—		24s.....	.15
Cable, jigger only, 3 pieces.....	.22	30s.....	.11
Ordinary round, jigger only, 3 pieces.....	.20	36s.....	.09
Plate bottom, 3 pieces.....	.16	42s.....	.09
Cake plates:		Mugs, toilet.....	.00
Ordinary, 9-inch.....	.08	Mugs:	
With lugs.....	.10	24s, turned.....	.03
Casseroles:		30s, turned.....	.03
8-inch.....	.30	36s, turned.....	.03
9-inch.....	.35	42s, turned.....	.03
10-inch.....	.40	Mustards:	
Chambers:		Turned.....	.02
Toilet.....	.25	Covers.....	.08
Cable, 6s.....	.25	Nappies:	
Cable, 9s.....	.25	Plain, scalloped—	
		2½ inch inside.....	.07
		3 inch inside.....	.07

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

JIGGERING—continued.

Nappies—Continued.

Plain, scalloped—	
4 inch inside	\$0.07
5 inch inside	.08
6 inch inside	.08
7 inch inside	.08
8 inch inside	.09
9 inch inside	.09
10 inch inside	.09
2½ inch outside	.08
3 inch outside	.08
4 inch outside	.08
5 inch outside	.10
6 inch outside	.10
7 inch outside	.10
8 inch outside	.12
9 inch outside	.12
10 inch outside	.12
Oyster—	
2½s.	.06
30s.	.05
80s.	.05
Oat meals, all round	.05
Pails:	
Funnel top	.60
Flat top, straight	.50
Rancy toilet pail, flat top cover	.50
Plates, coupe soups:	
6-inch	.06
7-inch	.06½
Plates:	
Flat, festooned—	
8-inch	.04
4-inch	.04
5-inch	.04½
6-inch	.05
7-inch	.05½
8-inch	.06½
Flat, plain—	
3-inch	.03
4-inch	.03
5-inch	.03½
6-inch	.04

Plates—Continued.

Flat, plain—	
7-inch	\$0.04½
8-inch	.05½
Soup, plain—	
5-inch	.04½
6-inch	.05
7-inch	.05½
8-inch	.06½
Soup, festooned—	
5-inch	.05½
6-inch	.05
7-inch	.05½
8-inch	.07½
Saucers:	
Plain—	
Tea, coffee and A. D.	.02½
Hotel	.03
Hotel, when stamped in clay	.06½
Jumbo—	
Festooned	.05
Plain	.04
Extra thin	.03
Festooned	.06½
Toy—	
Plain	.02½
Festooned	.03½
Slop jars	.80
Soups, jigger only:	
Loose drainer (including drainer)	.18
Fast drainer	.16
Spittoons:	
Low parlor	.18
Tall parlor	.20
Two piece	.25
Spoon holders, stuck up	.06
Sugars:	
Individual, round, complete	.05
Ordinary	.20
Toy	.15
Tea pots:	
Ordinary	.25
Ordinary toy	.16

Where unusual conditions or inconveniences exist beyond the average the jiggerman shall receive a percentage extra, the same to be fixed by the standing committee.

When a new man is put on a jigger he shall be selected from jiggerman's helper, when found competent, at regular journeyman's wages.

Day wage—ordinary jigger, \$3.

Day wage—jumbo jigger, \$3.50

The day wage prices to be paid only pending a settlement of piece prices.

KILN WORK.

Placing bisque kilns 212 cubic feet a day.

Placing glost kilns 162 cubic feet a day.

All footed ware to be sponged. Where there is an ascension of a half story to the green room or dipping room there shall be one-half day added to kiln and 1 full day for full story. Where the distance from the door of the green room or dipping room is between 60 and 75 feet to the kiln door an extra half day shall be allowed. Where the distance is between 75 and 100 feet 1 day extra shall be allowed. Where the distance is between 100 and 125 feet an extra 1½ days shall be allowed.

Every pin being placed in the first ring shall count two ovals.

Journeymen kilnmen \$2 for each day's work in the kiln.

Bench boys \$2.50 for each day's work in the kiln.

China placing bisque and glost to remain same as heretofore in each locality, east and west.

When it becomes necessary to put on an apprentice he shall serve 3 years. The first week he shall be paid out of the office, after which he shall receive a day out of the kiln until he has served 3 months at the trade. If it becomes necessary to work after 5 o'clock he shall be paid extra. The first 6 months he shall receive \$1.25 per day; second 6 months, \$1.25 per day; second year, \$1.50 per day; last year, 15 per cent less than journeyman's wages, and receive all extra time after 3 months. Not more than 1 apprentice to 8 journeymen is allowed. Where it is convenient the apprentices on the glost and bisque shall exchange at the expiration of 18 months. In shops where there are less than 8 journeymen in the crew they shall be entitled to an apprentice.

When a scarcity of kilnmen exists the manufacturers shall have the privilege of putting on an additional apprentice who shall be paid at regular journeyman rates, the excess of his regular apprenticeship wages to be divided among the kilnmen of the crew for the first year and go to the manufacturer thereafter. This concession is made to the kilnmen in consideration of the time they give to teaching the apprentice, and it is understood that the kilnmen are to be responsible for the workmanship of said apprentice.

616 INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

MOLD MAKING.

	Block- ing.	Casing.	Making.
Bakers:			
3, 4, 5, 6 inch.....per dozen..	\$0.30	\$0.30	\$0.40
7, 8, 9 inch.....do.....	.30	.30	.65
10, 11, 12 inch.....do.....	.30	.30	.80
Basins:			
Outside, all sizes.....do.....	.50	.50	1.50
Inside, all sizes.....do.....	.50	.50	1.75
Mouth, all sizes.....do.....	.50	.50	1.10
Basins, plug.....each.....			.45
Batters.....do.....			.08
Batting and wedging block.....do.....			.25
Bedpans.....do.....	1.90	1.90	.60
Bidet pans.....do.....	1.10	1.10	.50
Bird baths, all sizes.....do.....	.50	.50	.20
Bone dishes.....per dozen.....			.70
Bottom molds.....each.....			.08
Bowls:			
24s, 30s, 36s.....per dozen.....	.50	.50	.45
42s.....do.....	.50	.50	.40
18s.....do.....	.75	.75	.60
8s, 12s.....do.....	1.10	1.10	1.10
4s, 6s.....do.....	1.10	1.10	1.35
Punch, 2 parts.....each.....	.50	.50	.25
Bread trays:			
Round.....do.....	.45	.45	.10
Oval.....do.....	.45	.45	.15
Brush trays.....do.....	1.90	1.90	.55
Brush vases.....do.....	1.05	1.05	.30
Butters:			
Covered, 6 parts.....do.....	1.70	1.70	.40
Covered, 7 parts, Hd. 10.....do.....	1.70	1.70	.55
Fast drainer, open.....do.....	.75	.75	.35
Butter covers, single.....do.....			.10
Butters, individual.....per dozen.....	.34	.34	.25
Cake plates, fancy.....each.....	.45	.45	.15
Cake stands:			
7 to 14 inch.....do.....	1.10	1.10	.60
15 to 20 inch.....do.....	1.50	1.50	.75
Celery trays.....do.....			.15
Chair pans:			
5 to 7 inch.....per dozen.....	.55	.55	1.00
8 inch and upwards.....do.....	.55	.55	1.50
Chambers:			
Presses and covered.....each.....	2.65	2.65	.85
12s, fligged, uncovered.....per dozen.....	1.05	1.05	1.10
9s, 6s, fligged, uncovered.....do.....	1.05	1.05	1.25
4s, fligged, uncovered.....do.....	1.05	1.05	1.40
Covers, single.....do.....	.45	.45	.70
Covers, pressed, double.....each.....	.55	.55	.20
Handles.....do.....	.30	.30	.10
Bows.....do.....	.20	.20	.08
Chocolate pots.....do.....			.65
Chums for cups, mugs, and bowls.....do.....			.10
Chums from 24s up.....do.....			.18
Combinets.....do.....			1.60
Comports:			
Pressed.....do.....			.45
3 parts.....do.....	.60	.60	.25
Cospadores, body only.....do.....	2.05	2.05	1.25
Covered dishes, all sizes.....do.....	2.40	2.40	.75
Cracker jars:			
Handled.....do.....			.75
Unhandled.....do.....			.65
Crucifixes.....do.....	.30	.30	.15
Creams:			
Independent and restaurant.....do.....	1.13	1.13	.25
Double lipped.....do.....			.20
Creams, 24s, 30s, 36s.....do.....	1.35	1.35	.35
Creamers, toy.....do.....	1.30	1.30	.30
Cups:			
Coffee.....per doz.....	.35	.35	.40
Feed, canary, mocking.....do.....	.35	.35	.30
Toy.....do.....	.35	.35	.35
Tea, all sizes.....do.....	.35	.35	.40
Dishes:			
24 to 6 inch.....do.....	.30	.30	.40
7 and 8 inch.....do.....	.30	.30	.65
9 to 12 inch.....do.....	.30	.30	.75
12 to 18 inch.....do.....	.45	.45	1.40
Dish-makers' flag to:			
24 inches.....do.....			.30
30 inches.....do.....			.40

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

MOLD MAKING—continued.

	Block- ing.	Casing.	Making.
Ewers:			
6s, 9s, 12s..... per dozen.....	\$2.05	\$2.05	\$0.70
Mouth..... do.....	2.05	2.05	.50
Foot baths..... each.....	3.37	3.37	2.00
Footers, all kinds..... do.....	.80	.80	.10
Glove boxes..... do.....			.65
Glove boxes, handle..... do.....			.10
Handles:			
Cup and mug..... do.....	.30	.30	.08
Chambers and jug..... do.....	.30	.30	.10
Ice creams..... per dozen.....	.35	.35	.80
Jardinieres, ordinary:			
4-inch..... each.....			.50
5-inch..... do.....			.50
6-inch..... do.....			.65
7-inch..... do.....			.65
8-inch..... do.....			.75
9-inch..... do.....			.75
10-inch..... do.....			.95
11-inch..... do.....			.95
12-inch..... do.....			1.10
14-inch..... do.....			1.50
Jars, flat top, body only..... per doz.....	.37½	.37½	.50
Jar covers, flat..... do.....	.37½	.37½	.25
Jelly cans..... do.....	.37½	.37½	.50
Jigger heads..... each.....			.30
Jugs:			
4s..... do.....	1.00	1.00	.60
6s..... do.....	1.00	1.00	.55
12s..... do.....	1.00	1.00	.45
24s to 48s..... do.....	1.35	1.35	.35
Covers..... do.....	.55	.55	.20
Handles..... do.....	.30	.30	.10
Half boy, jiggered—			
12s..... do.....			.50
24s..... do.....			.40
36s..... do.....			.40
36s..... do.....			.40
Jiggered—			
4s..... do.....			.65
6s..... do.....			.60
12s..... do.....			.50
24s to 42s..... do.....			.40
Ladles:			
Soup and sauce..... do.....	.85	.85	.15
Cup..... per doz.....			.40
Lead rings..... each.....			.37½
Mugs:			
Jiggered..... per doz.....	.37½	.37½	.35
Toilet, jiggered..... each.....	1.30	1.30	.70
Pressed, complete..... do.....	1.30	1.30	.35
Shaving, complete..... do.....	.37½	.37½	.30
Shaving, partition only..... do.....			.10
Jiggered, with frame..... do.....			.35
Mustards:			
Mustards..... do.....	1.35	1.35	.30
Mustards:			
Jiggered..... per doz.....	.35	.35	.35
Covers..... do.....	.35	.35	.25
Nappies:			
2½ to 5 inch..... do.....	.50	.50	.50
6 to 8 inch..... do.....	.50	.50	.65
9 and 10 inch..... do.....	.50	.50	.75
Oval and square—			
2½ to 6 inch..... do.....	.50	.50	.60
6 to 8 inch..... do.....	.50	.50	.67½
9 and 10 inch..... do.....	.50	.50	.80
Oatmeals:			
Patch boxes..... do.....	.37½	.37½	.45
Body..... per doz.....	.37½	.37½	.85
Covers..... do.....			.35
Pickles..... do.....	.30	.30	.35
Pin trays..... do.....			.75
Plates:			
Pls, 6 to 8 inch..... do.....	.37½	.37½	.55
Pls, 9 and 10 inch..... do.....	.37½	.37½	.65
2½ to 4 inch..... do.....	.37½	.37½	.35
5 and 6 inch..... do.....	.37½	.37½	.40
7 and 8 inch..... do.....	.37½	.37½	.45
Plates, bread, jiggered..... each.....			.10
Puff boxes..... do.....			.45

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MOLD MAKING—continued.

	Block- ing.	Casting.	Making.
Rings:			
Notched each			\$0.18
Single do			.12
Ring stand:			
Hand and tree do			.10
Bowls per doz.			.80
Saucers:			
Tea and coffee do	\$0.35	\$0.35	.80
Toy and A. D. do	.35	.35	.80
Fruit do	.35	.35	.80
Salads:			
..... each	1.05	1.05	.45
Sauce boats:			
Complete do	1.50	1.50	.45
Stands per doz.			.70
Sick feeders each	.75	.75	.25
Ship bottles do	1.50	1.50	.45
Slop jars:			
1s do	3.00	3.00	1.90
2s and 3s do	2.00	2.00	1.65
Soaps:			
Covered do	1.90	1.90	.50
Slabs do	.15	.15	.08
Fast drainer do	.45	.45	.20
Slabs with hoops do			.10
Hanging, 3 parts do	.45	.45	.25
Spit cups, fast tops or loose do	1.35	1.35	.35
Spittoons, 4 pieces do	1.25	1.25	.50
Sieve founts per doz.	5.50	5.50	.45
Sugars, comp. to each	2.25	2.25	.75
Teapots, all sizes do	2.05	2.05	.85
Teapot covers, double do			.20
Teapot handles do			.10
Teapot spout:			
Single do			.10
Double do			.20
Top molds:			
..... do			.08
Tureens:			
Sauce, all sizes, complete do	2.40	2.40	.75
Sauce, stands do			.10
Soup and oyster, all sizes, complete do	3.15	3.15	1.00
Soup, stands do			.15
Urinals:			
Vases, with frame do	1.90	1.90	.50
Whirlers do			.35
..... do			.87+
Day work blocking and casing per day			\$3.00
Day work mold making do			2.50

Specialties to be settled by standing committee.

PACKING.

No. 00 \$0.50	13-inch barrel \$0.12+
No. 0 ..... .45	17-inch barrel ..... .12+
No. 1 ..... .40	16-inch barrel ..... .12+
No. 2 ..... .40	14-inch barrel ..... .10
No. 3 ..... .35	All scheme ..... .10
No. 4 ..... .30	All kegs ..... .10
No. 5 ..... .25	Small crates ..... .08
No. 6 ..... .20	All boxes ..... .05
No. 7, or 24-inch barrel ..... .15	Day work:
22-inch barrel ..... .15	Foremen 3.00
20-inch barrel ..... .12+	Journeyman 2.50
18-inch barrel ..... .12+	

Where crates with capacity equal to any of above barrels or casks are packed they shall be paid for accordingly.

PRESSING.

Bed pans:		Brush trays, footed \$0.80
No. 1 \$1.05		Brush vases, fast footed ..... .30
No. 2 1.00		Butters:
Bidet pans:		Hotel, fast drainers ..... .55
17-inch 1.40		Loose drainers ..... .64
18-inch 1.50		Bodies ..... .35
Bird baths:		Covers ..... .20
24s ..... .15		Drainers ..... .00
30s ..... .14		Casseroles, round:
36s ..... .13		7-inch ..... .97
Bone dishes:		8-inch 1.05
Footed ..... .35		9-inch 1.20
Unfooted ..... .15		10-inch 1.35
Bread trays ..... .05		Casserole covers, notching ..... .14

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

PRESSING—continued.

Chambers:		Salads:	
6s.....	\$0.97	6s, unfooted.....	\$0.55
9s.....	.88	7s, unfooted.....	.65
Uncovered, 6s.....	.65	8s, unfooted.....	.75
Uncovered, 9s.....	.60	9s, unfooted.....	.85
Chamber covers:		10s, unfooted.....	.95
6s.....	.32	Sauce boats:	
9s.....	.28	Single handle.....	.43
Chocolate pots, ordinary.....	1.00	Double handle.....	.60
Comports:		Ladies.....	.25
6-inch.....	.45	Stands.....	.38
7-inch.....	.51	Fast stand, double handle.....	.98
8-inch.....	.55	Sick feeders:	
9-inch.....	.60	Spout on front.....	.84
10-inch.....	.65	Spout on side.....	.45
11-inch.....	.70	Slop jars:	
Cosplaydresses:		No. 1.....	2.58
Unhandled, uncovered—		No. 2.....	2.40
1s.....	1.47	Slop-jar covers.....	.82
2s.....	1.29	Soaps:	
3s.....	1.10	Round, fast drainers.....	.28
Handled—		Oval, fast drainers.....	.30
1s.....	2.02	Oval, covered and drainer complete.....	.60
2s.....	1.84	Hanging.....	.45
3s.....	1.61	Slabs.....	.11
Covers only, all sizes.....	.32	Box.....	.33
Covered dishes, oval:		Soup ladles:	
5-inch.....	.80	1s.....	.34
6-inch.....	.92	2s.....	.32
7-inch.....	1.01	3s.....	.30
8-inch.....	1.11	Spitting cups.....	.41
9-inch.....	1.24	Spittoons:	
10-inch.....	1.34	1s, ordinary.....	.79
Differential in size shall not be over		3s, ordinary.....	.60
three-fourths inch between 5 and 6 inch		4s, ordinary.....	.55
covered dishes.		5s, ordinary.....	.50
Cracker jars:		6s, ordinary.....	.44
Handled.....	.85	Parlor.....	.60
Unhandled.....	.70	Low parlor.....	.55
Creams:		Spoon holders:	
24s.....	.45	Double handle.....	.45
30s.....	.42	Unhandled.....	.28
Creams, block.....	.22	Sugars:	
Creams, toy.....	.22	24s.....	.64
Ewers:		30s.....	.60
Cable—		Toy.....	.41
6s.....	.92	Teapots:	
9s.....	.82	Round or oval.....	1.00
12s.....	.69	Toy.....	.55
Mouth—		Tureens:	
Small, ordinary.....	.45	Oval—	
Toilet.....	.55	9-inch.....	2.76
Toilet.....	.82 to .82	10-inch.....	2.99
Foot baths:		11-inch.....	3.22
14s.....	4.14	Oyster, round—	
15s.....	4.83	6s.....	1.35
16s.....	5.62	10s.....	1.60
Jugs:		Sauce.....	1.00
4s.....	.85	Sauce stands.....	.38
6s.....	.70	Sauce ladles.....	.25
12s.....	.55	Soup, round—	
24s.....	.45	8-inch.....	1.48
30s.....	.42	9-inch.....	1.84
36s.....	.38	10-inch.....	2.07
42s.....	.30	11-inch.....	2.30
48s.....	.28	12-inch.....	2.54
Fork handle—		Tureen stands:	
4s.....	1.50	For oval—	
6s.....	1.25	9-inch.....	.55
12s.....	1.15	10-inch.....	.64
Ice, plain handle—		11-inch.....	.74
4s.....	1.15	For round—	
6s.....	.92	8-inch.....	.28
12s.....	.69	9-inch.....	.33
24s.....	.55	10-inch.....	.44
Plain round-top covered jugs, price and		11-inch.....	.50
one-half of regular jugs.		12-inch.....	.55
Molasses cans:		Urinals:	
With stand.....	.45	Male.....	.85
Without stand.....	.39	Female.....	.70
Mugs, toilet.....	.28	Day wage of presser, per day.....	2.75
Pickles:			
Plain, ordinary.....	.28		
Scalloped or festooned.....	.33		

620 INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

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Day wage prices to be paid only pending a settlement of prices.

The apprentice presser shall serve 5 years before becoming journeyman and shall be paid at the rate of 33½ per cent off first year, 25 off second year, 20 off third year, 15 off fourth year, 10 off fifth year; sixth year and thereafter, journeyman, it being understood that apprentices shall receive their advances each year as they become due.

Specially difficult shapes, prices to be settled by standing committee.

Clay conditions to remain the same as heretofore in the pressing departments of the various potteries.

PRESSING SPECIALTIES.

Celery trays, jardinières, spice stands, umbrella stands, glove boxes, pedestals, berry dishes, cake plates, ewer slabs, salt cups, olive trays, slaw dishes, salonnets, fruits, water filters, orange bowls, ash trays, pin trays, mustards, taberettes, manicure sets, and jellies—prices to be settled by standing committee if not otherwise agreed upon.

SAGGERS—BIQUE.

	Each.		Each.
Bats.....	\$0.63	Crown circle.....	\$1.00
Bed pans.....	.05	Cups.....	.04
Bisque billiers.....	.04	Door lining.....	.05
Bisque plates, 8 inch.....	.05	Ewers.....	.05½
Bisque ringers, cut bottom.....	.06	Gill flippers.....	.05
Bisque steaks.....	.05	Glost billiers.....	.05
Bisque washbowls, extra large.....	.06	Jugs.....	.05
Chambers, common height.....	.05	Slops.....	.05½
Claming brick.....	.02	Washbowls, ordinary.....	.05
Combinets, single.....	.05		

Where it is required to pug clay twice the firm shall stand one-half the expense.

SAGGERS—GLOSSED.

Banjos:		Oval steaks—Continued.	
Single.....	\$0.10	14s.....	\$0.10
Double.....	.13	Plates, 8-inch.....	.08
Covered dishes.....	.13	Single banjo covers.....	.10
Jardinières, double.....	.10	Single round covers.....	.08
Oval steaks:		Washbowl ringers.....	.08
9s.....	.10	Washbowls.....	.08
10s.....	.10	Yolks, double.....	.13
12s.....	.10		

STICKING UP AND FINISHING FROM JIGGER

Butters:		Jugs—Continued.	
Plate bottom, 3 pieces.....	\$0.16	Hall boys—Continued.	
Round, ordinary, 3 pieces.....	.20	24s.....	\$0.15
Cable, 3 pieces.....	.22½	30s.....	.14
Casseroles:		Mugs, toilet.....	.12
8-inch.....	.40	Pails.....	.65
9-inch.....	.45	Punch bowls:	
10.....	.50	7-inch.....	.21
Chambers:		8-inch.....	.22
Toilet, 9s.....	.30	9-inch.....	.25
Cable—		10-inch.....	.25
9s.....	.25	Slop jars.....	.85
6s.....	.30	Soaps:	
12s.....	.25	Two pieces.....	.16
Combinets.....	.50	Three pieces.....	.20
Cospadores:		Spittoons:	
Unhanded and covered.....	.25	Two pieces.....	.20
Handled.....	.50	High, parlor.....	.15
Creams:		Low, parlor.....	.11
Individual, block.....	.06	Spoon holders:	
Toy.....	.10	Unhanded.....	.06
Ewers.....	.30	Two handles.....	.20
Ewers, mouth.....	.18	Sugars:	
Jugs:		Individual, round, complete.....	.06
6s.....	.24	Ordinary.....	.25
12s.....	.19	Toy.....	.20
24s.....	.15	Teapots:	
30s.....	.15	Ordinary.....	.43
36s.....	.13	Toy.....	.25
42s.....	.11	Vases, toilet.....	.06
Hall boys—			
12s.....	.19		

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

THROWING.

Brush vases.....	\$0.08	Mugs:	
Cups:		4s.....	\$0.08
Coffee, single thick.....	.084	3s.....	.04
Tea, single thick.....	.034	3s.....	.04
Coffee, double thick.....	.044	2s.....	.064
Tea, double thick.....	.04	Mustards, covered.....	.07
Custards.....	.04	Spit cups:	
Egg cups:		Mug shape.....	.10
Single.....	.04	Cuspidor shape.....	.12
Double.....	.044	Spittoons:	
Match safes:		Small size.....	.15
1s.....	.08	Large size.....	.20
2s.....	.00	Sugars:	
3s.....	.00	Hotel, covered.....	.004
Molasses cans:		Restaurant, covered.....	.00
Blake (pineapple).....	.11	Teapot and sugar bowls.....	.004
Cable.....	.00	Teapot and sugar covers.....	.024
Muffin cups.....	.12		

Clay conditions subject to discount as heretofore

TURNING.

Bowls:		Cups—Continued.	
Oyster—		Toy	
42s out of mold, thick and thin.....	\$0.07	Single thick.....	\$0.03
36s out of mold, thick and thin.....	.074	Thin.....	.034
30s out of mold, thick and thin.....	.084	Cuspidors:	
24s out of mold, thick and thin.....	.09	1s.....	.30
24s, extra thin.....	.114	2s.....	.25
30s, extra thin.....	.104	Custards:	
36s, extra thin.....	.094	Ordinary.....	.08
24s off of block.....	.104	Extra thin.....	.09
30s off of block.....	.094	Egg cups:	
36s off of block.....	.084	Double.....	.00
Ignored—		Double, extra thin.....	.10
24s out of mold.....	.06	Single, out of mold.....	.06
30s out of mold.....	.054	Single, off of block.....	.08
36s out of mold.....	.05	Match safes:	
42s out of mold.....	.05	1s.....	.12
W. G.—		2s.....	.11
24s out of mold.....	.06	3s.....	.10
30s out of mold.....	.054	Mugs:	
36s out of mold.....	.05	24s.....	.084
42s out of mold.....	.05	3s.....	.074
24s off of block.....	.07	3s.....	.074
30s off of block.....	.064	42s.....	.06
36s off of block.....	.06	Mustards:	
42s off of block.....	.06	Bodies.....	.10
Brush vases.....	.12	Covers.....	.06
Chambers:		Spitting cups, cuspidor shape.....	.16
6s, turned.....	.19	Spoon holders.....	.25
9s, turned.....	.17	Sugars:	
12s, turned.....	.14	Round bodies—	
Coffees, St. Denis:		24s.....	.084
Topping and polishing.....	.014	30s.....	.06
Turning up side.....	.024	30s.....	.064
Turning complete.....	.034	Round covers—	
Teas, tulip, same as coffees.....		24s.....	.07
Cups:		30s.....	.004
Coffees—		30s.....	.08
Single thick.....	.034	Round, individual, complete.....	.18
Double thick.....	.044	Teapots and sugars, toy:	
Thin.....	.04	Bodies.....	.12
Extra thin.....	.044	Covers.....	.06
A. D.....	.034	Teas, St. Denis:	
Jumbo.....	.054	Topping and polishing.....	.014
Teas—		Turning up side.....	.02
Single thick.....	.03	Turning up complete.....	.03
Double thick.....	.04		
Thin.....	.034		
Extra thin.....	.04		

Thick, thin, and extra thin are defined and understood as follows. Extra thin to be specially thin, and general teapots for dinner sets ordinarily made do not come under this classification, but are considered thin.

TURNING—APPRENTICES' SCALE.

First 6 months.....	per cent..	344	Fourth 6 months.....	per cent..	15
Second 6 months.....	do.....	25	Third year.....	do.....	10
Third 6 months.....	do.....	20			

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Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

C. C. WARE.

HANDLING.

Chambers.....	\$0.08	Cups, tea, St. Denis and Baltimore,	
Chambers, ribbon and turned handle. . .	.06	block handle.....	\$0.08½

JIGGERING.

Bowls:		Chambers, open—Continued.	
42s, 36s, 30s, and 24s.....	\$0.04½	9s.....	\$0.12½
18s.....	.07	12s.....	.09½
12s.....	.06	Chamber covers with knobs, complete,	
9s.....	.12	all sizes.....	.15
6s.....	.18	Cups, tea, unhandled, sponged, com-	
4s.....	.26	plete.....	.02½
Chair pans:		Jars, flat top:	
5-inch.....	.09	1, 2, and 3 ounce.....	.08½
6-inch.....	.10	4 and 6 ounce.....	.04
7-inch.....	.12	8-ounce.....	.04½
8-inch.....	.13	10-ounce.....	.05½
9-inch.....	.16	12 and 16 ounce.....	.05½
10-inch.....	.20	32-ounce.....	.06½
11-inch.....	.24	Mugs, sponged, complete, 24s, 30s, and 36s	.10
12-inch.....	.28	Nappies, plain, scalloped, fluted, beaded:	
Chambers, open:		2½-10.....	.07½
4s.....	.17½	11, 12.....	.15
6s.....	.14	Saucers, tea.....	.02½

Same rule for clay and pugging as applies to granite.

PRESSING.

Bakers:		Dishes—Continued.	
2½ and 3 inch.....	\$0.07	12-inch.....	\$0.20
4-inch.....	.08	13 inch.....	.22
5-inch.....	.09	14-inch.....	.25
6-inch.....	.10	15-inch.....	.30
7-inch.....	.11	16 inch.....	.33
8-inch.....	.12	Ewers.....	
9-inch.....	.14	6s.....	.60
10-inch.....	.16	12s.....	.55
Nappies, oval, same as above.		Jugs:	
Bedpans:		4s.....	.75
No. 1.....	1.05	6s.....	.65
No. 2.....	1.00	12s.....	.45
Cuspidors, tall:		24s.....	.39
No. 3.....	1.00	36s.....	.33
No. 4.....	1.16	36s.....	.33
Covered dishes:		42s.....	.38
6-inch.....	.80	Sauce boats, cable.....	.40
7-inch.....	.90	Scapes:	
8-inch.....	1.00	Oval, fast drainer.....	.27
9-inch.....	1.11	Square, fast drainer.....	.30
Dishes:		Hanging.....	.45
2½ and 3 inch.....	.07	Spitting cups:	
4-inch.....	.08	Fast top.....	.36
5-inch.....	.09	Funnel top.....	.33
6-inch.....	.10	Sugars, round:	
7-inch.....	.11	24s.....	.60
8-inch.....	.13	36s.....	.56
9-inch.....	.14	Tompots:	
10-inch.....	.16	24s.....	.90
11-inch.....	.18	30s.....	.80

Same clay conditions as white granite.

White granite prices apply to all articles not enumerated in this list.

CHINA.

HANDLING.

Coffee pots, all sizes.....	\$0.20	Mustards.....	\$0.04
Cups:		Sugars:	
Ordinary shapes.....	.04	24s.....	.08
Tulip.....	.05	30s.....	.08
A. D. coffees, special.....	.07	36s.....	.08
Jugs, whisky.....	.08	42s.....	.08
Mugs, all shapes.....	.06		

JIGGERING.

Basins, plain, 9s.....	\$0.35	Bowls:	
Butters:		Oyster.....	\$0.04
Individual, plain.....	.03½	Punch—	
Loose drainer.....	.50	9-inch.....	.26
Fast drainer.....	.55	10-inch.....	.28
Covered, complete.....	.60	11-inch.....	.26

Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

JIGGERING—continued.

Bowls—Continued.

Punch—Continued.	
12-inch.....	\$0.23
13½-inch.....	.40
15-inch.....	.40
Cake covers	
Made for turners.....	.04
To be sponged.....	.08
Comports, all sizes, foot-thrown.....	.10
Cups, with ball, turned.....	(2½) to .04
Fruits, plain.....	.03½
Ice creams, plain.....	.03½
Ice tubs:	
8½-inch, turned.....	.40
9½-inch.....	.45
10-inch, foot.....	.50
Nappies:	
Plain—	
3-inch.....	.07
4-inch.....	.07
5-inch.....	.07
6-inch.....	.10
7-inch.....	.10
8-inch.....	.10
9-inch.....	.10
Fluted, 5-inch.....	.13
Plates:	
Flat, plain—	
4-inch.....	.04
5-inch.....	.04
5½-inch.....	.05
6-inch.....	.05
6½-inch.....	.06
7-inch.....	.06

Plates—Continued.

Flat, plain—continued.	
7½-inch.....	\$0.07
8-inch.....	.07
Flat, festoon—	
4-inch.....	.05
5-inch.....	.05
5½-inch.....	.06
6-inch.....	.06
6½-inch.....	.07
7-inch.....	.07
7½-inch.....	.08
8-inch.....	.08
Deep, plain	
5-inch.....	.05
5½-inch.....	.06
6-inch.....	.06½
6½-inch.....	.07
7-inch.....	.07
7½-inch.....	.08
8-inch.....	.08
Deep, festoon—	
5-inch.....	.06
5½-inch.....	.07
6-inch.....	.07
6½-inch.....	.08
7-inch.....	.08
7½-inch.....	.09
8-inch.....	.09
Coupe, soup—	
6-inch.....	.08
7-inch.....	.08½
Saucers, plain.....	.04

THROWING (net)

Brush vases.....	\$0.09	Match safes—Continued.	
Coffee mugs.....	.09	Flat-footed.....	\$0.18
Coffee pots, Vienna:		French B—	
1s.....	.13	1s.....	.11
2s.....	.13	2s.....	.15
Comports, feet:		Molasses cans, barrel.....	.11
5-inch.....	.10	Mustard barrel and cover.....	.08
6-inch.....	.10	Mustards:	
7-inch.....	.10	Vienna.....	.08
8-inch.....	.12	New York.....	.11
9 inch.....	.12	Mugs:	
Creams, Vienna:		4s.....	.04
1s.....	.05	3s.....	.05
2s.....	.06	3s.....	.06
3s.....	.07	2s.....	.07
Custards.		Q. M. D. cans.....	.25
Small.....	.05	Spittoons:	
Large.....	.06	Small.....	.25
Egg cups:		Large.....	.30
Double.....	.06	Sugars, round, covered, all sizes.....	.13
Single.....	.05	Whiskies:	
Match safes:		1-quart.....	.20
Cornick—		1-pint.....	.15
1s.....	.09	½-pint.....	.11
2s.....	.09		
3s.....	.09		

Clay conditions to remain the same as heretofore.

TURNING.

Bowls:

Oyster, single-thick—	
42s.....	\$0.07½
36s.....	.04
30s.....	.03½
24s.....	.10½
St Dennis—	
36s.....	.06
30s.....	.06½
24s.....	.07
Tulip—	
30s.....	.08½
36s.....	.07½
42s.....	.07
Cake covers, knobbed.....	.15

Coffees.

Extra thick.....	\$0.05½
Culot.....	.05
A. D. Culot.....	.05
Coffee pots, Vienna, complete.....	.20
Comports:	
5 and 6 inch.....	.25
7 and 8 inch.....	.30
8½-inch.....	.35
9-inch.....	.40
Sticking-up.....	.18
Creams:	
No. 1.....	.09
No. 2.....	.09
No. 3.....	.10

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Uniform wage scale adopted by the manufacturing and operative potters of the United States of America, etc.—Continued.

TURNING—continued.

Cups, custard.....	\$0.00	Mustards:	
Cups:		Bodies.....	\$0.08-.00
Tea, single-thick.....	.04	Covers.....	.08-.00
Coffee, single-thick.....	.04	Oysters:	
Tea, double-thick.....	.04	Gov.....	.10
Coffee, double-thick.....	.05	Plain.....	.08
A. D., thin.....	.04	Salads:	
Tulip—		5-inch.....	.12
Teas.....	.04	6-inch.....	.14
Coffees.....	.05	7-inch.....	.16
Egg cups:		8-inch.....	.18
Double.....	.10	9 inch.....	.20
Single.....	.00	Spittoons:	
Ice tubs:		Low.....	.30
Small.....	\$0.35	High.....	.35
Large.....	.45	Sugars, hotel:	
Footed.....	.60	Complete.....	.17
Jugs, whisky.....	.30	Covers.....	.08
Match safes:		Sugars, round:	
No. 1.....	.12	4s, complete.....	.16
No. 2.....	.11	3s, complete.....	.17
No. 3.....	.10	3s, complete.....	.18
Molasses cans.....	.20	2s, complete.....	.19
Molasses cans, extra large.....	.35	Covers—	
Mugs, cable:		3s.....	.08
4s.....	.00	3s.....	.00
3s.....	.00	2s.....	.00
3s.....	.10		
2s.....	.11		

(Testimony closed.)

WASHINGTON, D. C., March 13, 1901.

TESTIMONY OF MR. JOHN A. CAMPBELL,

General Manager, Trenton Potteries Company.

The commission being in session, Vice-Chairman Phillips presiding, at 3.15 p. m. Mr. John A. Campbell, of Trenton, N. J., general manager of the Trenton Potteries Company, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please state your name, address, and business connection.—A. John A. Campbell, Trenton, N. J. I am general manager of the Trenton Potteries Company.

Mr. CLARKE. Mr. Litchman will lead in the examination.

Q. (By Mr. LITCHMAN.) You have a statement, have you not, Mr. Campbell, that you desire to present as a preliminary to the examination?—A. A very brief one, yes; touching in a general way on a few points. It relates entirely to sanitary wares.

Q. Kindly read that.

The witness read as follows:

The manufacture of sanitary ware in the United States was first attempted in 1872 by the firm of Millington, Astbury & Maddock, in Trenton, N. J. At that time all sanitary ware was imported from England and Scotland. So far as our information goes this firm was the pioneer in the manufacture of this grade of goods, and for a period of 10 years progress was comparatively slow.

Other manufacturers began to enter the field, and such has been the advance made within 15 years that at this writing all importations of sanitary ware have practically ceased, and we are beginning to export the American manufactured article in increasing quantities to all parts of the world.

There are two reasons for this rapid advance:

First. The sanitary articles manufactured in the United States conform to the latest sanitary regulations, and are far superior in design and utility to those produced in any other country. Furthermore, improvements are constantly being made, and the industry is keeping pace with the general demand for the finest known sanitary appliances.

Second. The vitrified sanitary china and earthen ware as manufactured in the United States is the very best article of its kind in use—the vitrified china especially being nonabsorbant, durable, and made by the most skillful and rapid workmen known to the art.

There is a distinction between what are known as sanitary articles, such as basins, closets, etc., and what are known technically to the trade as solid porcelain goods, although we put them all together under the head of sanitary wares.

SOLID PORCELAIN GOODS.

Solid porcelain goods, or fire-clay goods, as they are sometimes called, being made of fire-clay ware, with a white lining and glaze, were manufactured as far back as 1880, but in comparatively small articles, such as sinks, wash trays, etc. The first attempt to successfully make bath tubs, which resulted in their general manufacture, was made in 1888, and by that I do not mean a porcelain-lined bath tub, but a solid porcelain bath tub. This attempt was made by the Empire Pottery Company, in Tenton, N. J., one of the plants of the Trenton Potteries Company, and resulted in their building a plant for the purpose.

At that time few solid porcelain baths were used in this country, owing to the great cost, and these were all imported. But in less than 8 years we have not only gained our own market, but are exporting these articles to Europe and Great Britain and other countries where this grade of goods is in demand. Several large plants now manufacturing these goods are located in Trenton.

The price has been reduced at least 50 per cent, and now brings the cost within the reach of people of moderate incomes.

CAUSES LEADING TO PROGRESS.

First. The protective tariff that made experiments possible.

Second. Skill and progressive workmanship of employees.

Third. Manufacturers who persevered during the experimental stages, oftentimes most unprofitable and discouraging.

LOCATION.

Five-sixths of the sanitary ware produced in this country is made in Trenton, N. J. Potteries are also located at Bordentown, N. J.; Camden, N. J.; Wheeling, W. Va.; Kokomo, Ind.; and Tiffin, Ohio.

OUTPUT.

The output varies considerably, being dependent very largely upon the activity or dullness in the building trade.

PRODUCT.

The product runs from two millions to two millions and a half.

EMPLOYEES.

The number of employees actually engaged in the manufacture of this grade of goods runs from 1,500 to 1,800, fully 90 per cent of the number being male.

MATERIALS.

The clay used in the manufacture of this grade of goods comes from Delaware, New Jersey, Florida, North Carolina, Missouri, and some is imported from England.

Fine clays are found in other States, but cost and transportation is too great to utilize the product.

Feldspar is used as far north as Maine.

Cornish stone is imported.

Flint from Maryland, Connecticut, and other States; also some imported from France.

COAL.

Both hard and soft coal are used.

LABOR.

Labor is organized, and manufacturers recognize their union, and frequently confer with their committees. Nonunion men are not barred. Few unskilled laborers are employed.

The piecework price prevails almost exclusively, and the regular working list is adopted.

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There has been no strike since 1890. This strike was caused principally by the arbitrary action of the union in controlling the employment of all labor, and refusing to manufacturers the right to employ and discharge their own employees.

The strike was in existence 5 months, with great result in loss to manufacturers and employees alike. It was eventually settled by a joint committee of manufacturers and employees.

WAGES.

Wages are generally paid weekly. There is no provision made for a sliding scale.

There are no store orders, payment being made in cash.

Wages are uniform throughout the country.

EMPLOYMENT.

More men are employed now than at any previous time. At present there is a little surplus of labor.

Very little improvement in machinery, except in that used in the preparation of materials.

In 1898 and 1899 workmen were employed full time. In 1900 they were on three-quarter time.

Apprentices serve for 5 years in order to obtain full journeyman's wages.

Ten hours constitute a day's work.

There is no Sunday labor, except what is necessary in the firing of kilns.

COOPERATION.

So far as known there is no practical method of cooperation employed in this industry. Several attempts have been made by a few workmen, but none have been successful. Their sick insurance is provided by the employees in the various potteries.

EMIGRATION AND EDUCATION.

Very few skilled workmen now find their way to this country from the old country. The employees that find their way from the apprentice bench are preferred to any others that we can secure.

Technical education is badly needed, and an effort has been made within 2 years in Trenton to establish a school of this kind, with prospects of coming to a successful issue.

CONVICT LABOR.

We do not come in competition with this kind of labor.

CAPITAL.

Fifteen years ago the returns from this product were much larger than at the present time. The competition has gradually reduced the price. No unfavorable legislation has to be noted. A few years ago natural gas caused the location of several industries in other States.

CONSOLIDATION.

In 1893 5 plants were consolidated by purchase, and the combination is run at the present time under the head of "The Trenton Potteries Company." This consolidation has had no appreciable effect on smaller concerns, a large number of them having been erected since that time.

PRODUCTIVE CAPACITY OF MODERN MACHINERY

Very little machinery is used in the manufacture of this grade of goods, most of the skilled labor being done by hand work.

There is a considerable overproduction at the present time. If the plants worked full time they would produce nearly twice as many goods as would be wanted. Foreign markets are being sought by the larger concerns with considerable encouragement.

LEGISLATION.

Legislation is necessary for the guarding of the interests of all classes, but we believe that if any error is to be made it should be made on the side of too little legislation rather than too much.

This industry at the present time would be benefited largely by large technical schools established for the purpose of turning out skilled employees. Nothing of this kind has been attempted by the Government, and we think that several schools of this kind, under the fostering care of the Government, would be a fine investment for the employees engaged in the business.

Q. (By Mr. LITCHMAN.) You refer briefly there to this consolidation. We would like for you to be a little more specific and give us some knowledge of the amount of capital invested and the process of absorbing the companies that go to make up the Trenton Potteries Company.—A. The company was organized under the laws of the State of New Jersey in 1893 and by the purchase outright of 5 plants that were at that time engaged in the manufacture of sanitary earthenware. Their capitalization was fixed at \$3,000,000. Since that time the company has erected 1 additional plant to manufacture solid porcelain goods, such as bath tubs, to which I referred in my report. That has effected practically a new industry.

Q. I believe your statement remarks that this represents five-sixths of the manufacture of that class of goods in the United States?—A. Not the Trenton Potteries Company. Five-sixths of the sanitary production of the country comes from Trenton, but there are a great many more engaged in that industry besides the Trenton Potteries Company.

Q. And this combination does not in any sense control even in that branch of the trade?—A. This combination probably represents one-third of the total output.

Q. (By Mr. FARQUHAR.) Do the American potteries altogether cover the home market?—A. So far as the sanitary ware is concerned, they entirely cover it at the present time; but as for the general ware, such as table and toilet ware, I should say they supply close to two-thirds of the product of the country at the present time.

Q. You said you had quite a strike that lasted some months in 1890?—A. Yes.

Q. And it was settled by a joint committee.—A. Yes.

Q. Do you settle all your troubles, or have you a standing joint committee to settle your troubles?—A. The committees are appointed as troubles arise, as a general rule.

Q. Are your committees appointed by the companies and then by the shops, or through the organized union and the companies?—A. In case of any difficulty arising in single potteries it is customary, as a general rule, for the employees of the pottery to notify the owners. If the trouble is of such a character that it can not be settled amicably by them, they throw it into their union and the manufacturer refers it to the manufacturers' organization; a labor committee is then appointed, and both sides take hold of the problem and endeavor to adjust it by a series of compromises.

Q. Have you had any troubles at all since 1890 that you could not adjust in that way?—A. No; so far as sanitary ware is concerned we have had no strike. There was a strike in 1893 caused by the passage of the Wilson bill, which affected the manufacture of table and toilet ware, and that was closed down some 5 months; but it was eventually settled, if you will recall, by the interposition of Senator Smith of New Jersey and some others, and was settled here at Washington by a sliding scale reduction of some 12 per cent. Since that time by the passage of the Dingley tariff bill the 12 per cent was restored, and everything has been settled by committees on both sides.

Q. In your trade is it possible to make a uniform scale for the same class of goods all over the United States?—A. Yes, to a large extent. There may be slight variations, but where there is a standard, any article that is of peculiar shape is judged by that standard and commands a little more increase as the character of the work justifies.

Q. As an employer, what is your opinion of that class of arbitration or conciliation?—A. I think it is about the best way to handle the subject that I know of. Of course, it depends on whether you get reasonable men on your committees or not. There are hardheaded fellows on both sides, and if they come to the surface, of course, it is a little difficult sometimes to come to a conclusion; but I have served on a great many committees, and my impression is that that is the best way.

Q. Among the manufacturers of the United States, between the East and the West, is there any cutting in prices?—A. Well, yes.

Q. Is your competition sharp?—A. There always is more or less. Manufacturers try to maintain the price for a standard make of goods, but they do not all make the same quality or the same character of goods; some are not quite as good as others, and naturally they can not get quite as much for them, and the competition is always keen.

Q. Have you a common schedule of prices for all manufacturers?—A. There is a common list, and they are supposed to live up to it, but they do not always do so.

Q. Where is the infraction—in the discount?—A. Yes; generally the aliding scale of discounts.

Q. (By Mr. KENNEDY.) Have you embraced in this corporation all the potteries that you desire to have come in, or do you wish to have all of them come in?—A. We are not reaching out for any more. The gentlemen who started in the combination are not anxious to take in any more at the present time.

Q. Can you say why?—A. I do not think they have accomplished what they expected to in the inception of the organization. I have only been there as general manager for about three years, but I do not think that they have accomplished all that they expected at that time. I have no doubt, however, that if they could buy out the others at a reasonable figure, they would be very glad to do so, but they have not made any effort to do that.

Q. Have they made an effort to get those?—A. They have made no effort; no.

Q. Could your industry survive without a protective tariff?—A. I think the sanitary portion of it might; provided that Germany—which is paying attention to this grade of goods at the present time and will ultimately, no doubt, be a factor in the field—does not come into the production of this grade of goods too strongly. The Germans are always the hardest competitors we have, because they pay the least rate of wages. Outside of Germany I do not think we would have any fear. As a matter of fact, the progress of sanitary devices in this country is far in excess of that of any other country, and unless they should manufacture the same kind and character of articles that are made in this country they could not be sold here at the present time. In other words, an English make of closet ware such as is made in England at the present time could not be marketed in this country; it is too far behind the age.

Q. What proportion of the work done by American potteries would fail without a protective tariff?—A. Well, I should say three-quarters of it would.

Q. Three-quarters of it?—A. Yes.

Q. (By Mr. CLARKE.) Does the success of even your business, the sanitary, which has achieved such triumphs, depend somewhat upon the general prosperity of the country?—A. Oh, undoubtedly, it depends on the building in the country. If there is slack building, such, for instance, as there was during 1900, we feel the effect immediately. The cost of building material was so high then that all building operations were checked largely, with the natural result that our product in 1900 was, I suppose, one-third less than what it was in 1899, for instance. I do not know, however, that that could all be attributed to the falling off in building, because 1899 was a speculative year, and people were buying very largely, and they may have overbought to some extent and carried the stock over. But there were a great many building operations held up in 1900 owing to the high prices of iron and steel and other things, and consequently our industry suffered a little on that account.

Q. Does the tariff in any way stand in the way of the success of your industry in this country or in the way of your exporting to other countries?—A. I should say not at the present time; no.

Q. Have you any desire to have the tariff changed or revised?—A. We are perfectly satisfied with it as it is at the present time provided it is properly collected.

Q. What is the effect upon industry, according to your observation in the past, of a general revision of the tariff by Congress?—A. The general effect has always been very bad. It has had a very bad effect on our industry. It has prostrated it nearly every time the attempt has been made, because the reduction has been so radical.

Q. Is it your opinion, then, that the demand should be quite general before a general revision is undertaken?—A. I should say so; yes.

Q. (By Mr. FARQUHAR.) To what countries do you export sanitary goods?—A. Up to the present time to Germany, to Russia, and some to France. We have not exported any to speak of to England. The sanitary appliances of the English are very different from ours, and their requirements are radically different. For instance, I mean, here you are not restricted very much as to the amount of water you use to flush a closet. There they restrict you to 3 gallons. There are very few closets that we think can be properly flushed with 2 gallons. The very finest product we have, which we call the siphon jet closet, can not be used with anything at all less than 6 gallons; and consequently we have made no attempt to put that class of goods into England, because they are pretty hard people to move to make a change in their appliances. But we have put more or less porcelain bath tubs there; our grade is somewhat different from theirs, and people have bought them on that account.

Q. (By Mr. LITCHMAN.) When you speak of a porcelain bath tub you do not mean a metal tub with a porcelain lining?—A. No; I mean the solid porcelain tub.

Q. (By Mr. FARQUHAR.) Is it a fact that the American closet outfit is twice as good in every comparable way as any foreign outfit?—A. I should say twice as good.

Q. Is that what gives you the market?—A. Yes.

Q. Do you get a good price? Do you get a fair price for your goods?—A. We get a fair price for our goods.

Q. Do you usually get all you ask?—A. I could not say that, because if the potteries run full time we are liable to overproduce. We generally get what we want in a fair year, but we have, as a rule, only one good year out of four. The balance of the time the market drags. But we have lately gone in to exploit the foreign trade. We find we are in position to handle a good deal of it satisfactorily, and as soon as we have had a little more experience I think we will be able to export very freely. We have had a great many dealers from the other side over here, and they all tell us that the wares we are producing are far superior to anything they have seen.

Q. (By Mr. KENNEDY.) Have any marked economies been effected by this combination of yours by which production is cheapened?—A. To some extent; not by any means what I should judge they anticipated in the inception of it.

Q. Has the result been appreciable in the way of reducing the cost to the consumer?—A. Well, yes. I do not think that you could lay it to that consolidation altogether, although I presume it had something to do with it, because we started other people into the business right away. The cost in the last 10 years has been reduced 50 per cent.

Q. Fifty per cent?—A. Yes.

Q. And not very much of it is the result of this combination?—A. Not to a large extent; the result of the competition and increased knowledge—ability to turn out the goods cheaper—not so much loss in the injury coming through. In the early stages of it they did not know how to manufacture the goods, and the losses were very heavy in bringing them through. That has been very materially overcome at the present time.

Q. What was the object of it at the time the combination was made—greater profits or cheaper goods to the public?—A. They found profit in the business at the time, and they supposed by consolidation they could avail themselves of those profits and even increase them. I presume that was the object in the formation of the combination. They thought they could economize by the consolidation of these concerns and increase the profits; but at the time they consolidated the top price in everything was being realized, and it began to drop down from that time.

Q. What is your belief as to the results that would follow a complete consolidation of the pottery industries of this country, or practically a complete consolidation?—A. I should say that would depend entirely on what basis they consolidated upon. If they consolidated upon a purely business basis as to the actual worth of the plants that were brought into the consolidation, they would be a very powerful factor in curtailing competition and in cutting others out of the field and reducing cost to consumer; but if they were consolidated upon the modern method of consolidation, I do not think they would hinder anybody from going into the business.

Q. (By Mr. FARQUHAR.) Were the economies that came to you in taking over these industries mainly in dispensing with foremen, superintendents, and salaried officers in the counting rooms, etc.?—A. I could not speak from experience, because I was not on the ground at the time of the consolidation. I presume their general idea was that they could dispense with additional help. As a matter of fact, under practical operation, there are very few people about a plant that you can dispense with and turn out a first-class article of goods.

Q. And as you control only one-third of the output you could not make a monopoly by another combination, even?—A. No; we could not. There is some advantage in the greater stock you carry in four or five plants, which would enable you, in case of a rush in the market, to fill your orders more expeditiously than otherwise.

Q. (By Mr. CLARKE.) Is there a large manufacture of iron bath tubs with vitrified lining in this country that compete with your solid-porcelain goods?—A. I do not think they compete with this class of goods. The solid tubs are much more expensive than the enameled iron, and we do not find that they hinder the sale of the solid porcelain tub when one wants it. Originally a solid porcelain tub ran up into several hundred dollars' cost to consumers; at the present time they get them for probably within 40 or 50 per cent of the cost of the enameled iron ones.

Q. (By Mr. LITCHMAN.) You mean within 40 or 50 per cent advance of the cost of the enameled tub?—A. Yes.

Q. (By Mr. CLARKE.) In what form does feldspar come to your works?—A. It comes ground and prepared for use.

Q. Is that the case, also, with Cornish stone?—A. Yes.

Q. And with flint?—A. Yes. We, of course, put this clay and flint and feldspar through a process of our own, in addition to the grinding process, when we mix the ingredients to make our bodies.

Q. Have you been connected with any other department of pottery manufacture except sanitary goods?—A. Yes. I might say that one of our plants runs on dinner and toilet ware, and I was formerly associated with Mr. Burgess at the International Pottery.

Q. Do you know of any reason why American manufacturers can not produce as fine an article of table china as is made in Limoges, for instance?—A. No. I am free to say I think they are producing it at the present time. I might say in that connection that just before I came here I had occasion to go to the Ceramic Art Company to secure something for my own personal use. That is the company which has been referred to by Mr. Burgess in his testimony as being producers of a very high grade of goods. They showed me some china that they were producing, and have been for some months past, which I consider about as fine an article as can be made. I took up a small piece of it, so I could handle it easily, to bring it down with me. I thought possibly you might want to see it. I thought it might be of interest; and if you gentlemen would only step over to our place we can show a good deal of that. [Here the witness submitted the article referred to for inspection by the commissioners.]

Q. (By Mr. CLARKE.) How long has that company been producing that grade of goods?—A. That company has been producing it, I should judge, for a period of at least 6 years, a grade of china called Belleek, which is not as white as the ordinary china. It is a special grade of itself, and is used largely for ornament. They are now branching out into dinner ware.

Q. That is a very fine and delicate ware, is it not?—A. Yes.

Q. Do you know of any other place in the world where it is produced?—A. It originally came from Ireland, although the American article is somewhat different from the Irish. It is an improvement to some extent—not quite so fragile.

Q. Has a good deal more attention been given, since the formation of this Ceramic Art Company, to designs and decoration than formerly?—A. Naturally, because they cater to the same high class of trade, and they do not aim to duplicate very largely the articles they turn out.

Q. Is there any trouble experienced nowadays by the potters in making a glaze?—A. I think they have passed that experimental stage. So far as my judgment goes, that is now one of the least of their troubles.

In this connection, I may say the Maddock Pottery Company at Trenton are producing a very fine grade of china. Their kilns are built upon the French principle. They are producing ware that is holding its own with the best in France, and they have been turning that out for some little time.

Q. Do those manufacturers of very fine goods find a prejudice on the part of dealers against taking that class of American goods?—A. I should think to some extent that might be true of the very fine art goods. I think the Ceramic Art Company has had a hard row to hoe, simply from the fact the very wealthy people that are expected to buy these goods naturally have a prejudice in favor of something that is foreign. But I think we are overcoming that. A great deal of the feeling is dying out.

(Testimony closed.)

WASHINGTON, D. C., March 13, 1901.

TESTIMONY OF MR. ALFRED WILLSON LAWSHE,

Secretary and Treasurer, Trent Tile Company.

The commission being in session, Vice-Chairman Phillips presiding, Mr. Alfred Willson Lawshe appeared as a witness at 3.48 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. Alfred Willson Lawshe, Trenton, N. J.

Q. What is your connection with the pottery business?—A. I am secretary and treasurer of the Trent Tile Company.

Q. (By Mr. LITCHMAN.) Could you give, for the information of the commission, a general statement of the rise and progress of the industry?—A. Yes. The tile

business is the youngest of any of the clay industries in the United States. Practically it is only 20 years old. In 1876, when we had the Philadelphia exposition, the tile trade of the United States was thought so little of that Minton & Hollins, England, only made a very limited display. After 1876 the Harrison family started tile works at Indianapolis, and one or two capitalists in New York started one at Zanesville, Ohio, but only to make the ordinary floor tiles out of red and yellow clay, such as you see in vestibules. A gentleman by the name of Lowe conceived the idea that he could make a better tile than anybody, and he built tile works at Chelsea, Mass.

The people who had located at Indianapolis and Zanesville could find no markets for the goods, because every avenue was closed to them. The only tile being used in this country were the Minton & Hollins, and their agents at New York and Philadelphia controlled the market and all the tile setters. As a result, whenever the Indianapolis and Zanesville people had a floor to lay they had to find a brick mason or anybody they could get to lay it.

In 1880 there was an exposition held at Crewe, England, at which tiles were an especial feature. Mr. Lowe hastily gathered together some samples from his stock and took them to that exposition. He was awarded the gold medal over the English and Continental manufacturers. That incident gave an impetus in this country to the tile business. Architects throughout the country began to think American products were better than the foreign products, and the two importing houses in New York and Philadelphia commenced to duplicate Mr. Lowe's goods.

Then there followed the erection of the Trent tile plant at Trenton. When we commenced to do business we were suddenly met by the importers decreasing their price. About this time I received a letter from a gentleman by the name of Shaw, who was in the tile business at Boston, making of me the inquiry why it was that he had to pay 45 per cent duty in Boston, while New York and Philadelphia importers paid 20 per cent. If importers located in Philadelphia and New York could bring their goods in at 20 per cent it would soon drive us out of business.

I called Secretary Manning's attention to the matter. He appointed Colonel Ayer, who was chief special agent of the Treasury Department at that time, and we took the matter up, with the result that the duty was advanced to the earthenware schedule by the decision of Colonel Ayer, and made to pay 15 per cent.

Q. The difference was between the two appraisers?—A. Yes; one called it earthenware and the other called it fire brick. The parties in New York appealed from the decision, and we carried it down and argued it before Secretary Fairchild. He upheld the decision of Colonel Ayer. From that time on the industry steadily grew, until now we have 18 factories. They are located in Kentucky, Indiana, Ohio, Pennsylvania, New Jersey, and Massachusetts. Possibly there are three or four million dollars invested in the business.

Q. Do you know how many people there are employed?—A. I should say 2,500 people. The factory that I am the head of employs 285.

Q. Mostly men?—A. About 70 per cent of them are women and children, the children coming under the New Jersey law, which will not permit a factory employee to be under 15 years of age.

When we first started in the business about the only tile we sold was called "embossed tile." It is a modeled tile with a figure raised on it. Mr. Lowe was fortunate enough to get probably the finest designer and modeler in this country. We could not find any man his equal, so we were forced to go to England to get one. We brought him over here, and in a little while—in the course of four or five years—the embossed tile (which is a tile as I said before, with a model surface and covered with a colored glaze, which colored glaze is manufactured by staining with the different oxides of the different minerals, cobalt, manganese, uranium, and iron, and so on) began to lose favor with architects, and we started to manufacture plain enameled tile—a plain-surfaced tile with a color glaze on it.

Then there came a demand for sanitary goods for wall tiling, corridors and lavatories being tiled with white wall tile. Then the sanitary people and architects demanded another tile, a nonabsorbent tile for floors. Then they made another demand upon us to manufacture what is called ceramics—white, or made with colored bodies, which we obtained from colored clays or manufactured by staining with the different oxides.

I think I am safe in saying the American manufacturers sell to-day 90 per cent of all the tile sold in the United States.

Now, that is a brief history of the tile industry in the United States.

Q. Where are the floor tiles made chiefly?—A. At Anderson, Ind.; Indianapolis, Zanesville, Pittsburg, and Trenton.

Q. Are they as fine and durable as any foreign-made tiles?—A. We think they

are better. As an illustration, I will say we have an Australian agent who has just been through all the factories of England and continental Europe, and he regards the American product as far superior to any he saw abroad.

Q. These are all what is known as encaustic tile?—A. The encaustic tile is a tile made with two or three colors inlaid in a body. That is the common, ordinary encaustic tile. People ordinarily call all colored tile encaustic tile, but encaustic tile is inlaid with one or two colors. You will probably see them with three or four colors in the same tile. Take the capitol floor—that is an encaustic tile.

Q. (By Mr. CLARKE.) Where was that manufactured?—A. By Minton & Hollins, Stoke on Trent, England.

Q. (By Mr. LITCHMAN.) How long has it taken to develop the industry in this country to the point that you now state it has arrived at?—A. About 20 years.

Q. Before that time all the tile was imported?—A. Every foot; 90 per cent of it is now produced here. I think the last Treasury report showed \$108,000 worth imported.

Q. As a matter of comparison, do you recall the figures of imports for 20 years ago?—A. No, I do not; but I should say not much more than that, because there were very few tile used in this country. In some cities the sanitary laws require that it be used. Take New York: every bathroom and vestibule must be floored and wainscoted with some sanitary material—either slate, marble, or tile. That is their sanitary code.

Q. (By Mr. CLARKE.) How does this white tile compare in price with white marble?—A. About the same. However, a sanitary architect would not put a piece of white marble in a water-closet because it is an absorbent. He probably would go to black slate. We have to make a fine vitrified tile absolutely non-absorbent. One of the tests is that it must be put in a bottle of red ink and when dry wash off easily with the hand.

Q. (By Mr. TOMPKINS.) There are some white marbles that have that quality, are there not?—A. I do not know of any; there may be. If there are, they are so high priced that the price would preclude their use. Most any white marble would stain in that locality, you know.

Q. (By Mr. LITCHMAN.) Is it not true that the Government is largely using marble?—A. Altogether. That is one of our great grievances, that the Government uses marble in exclusion, almost altogether, of tile. I do not know of a Government building in the United States where there is any tiling outside of the Capitol, and that was put down so long ago it is almost forgotten. Take the Congressional Library, there is not a foot of tile in it. England tiles all of her Government buildings. Take for instance her Government buildings at Newcastle, New South Wales. We can not get the Government architect to look at us.

Q. Do you export any material portion of your product?—A. We did not until this year: we have a fair export trade with Australia, and rather a nice trade with Holland.

Q. With what country were you brought in competition?—A. England.

Q. And you are able to export and take the market in competition with her in Australia and Holland?—A. Yes.

Q. (By Mr. FARQUHAR.) Is this artificial marble coming into general use now?—A. No; not that I know of.

Q. It has an equally good face, has it not?—A. I do not know of any hard marble that is artificial that is being used. I do not think that any artificial marble will stand the abrasion that a tile will. They make and put down what is called terraccia floor—that is, broken marble and cement, and then rub it down until it gets a perfect polish and dead level.

Q. (By Mr. LITCHMAN.) Have you any means of giving a comparison of the wages paid in the production of tile in this country with those made in foreign countries?—A. No; I have not. I can tell you what the wage in our factory is. We employ about 285 people. Seventy per cent, I should say, are boys and girls of about 15 years of age up, and my average pay roll is about \$1,950 per week.

Q. (By Mr. CLARKE.) Will you briefly describe the process of production?—A. In our white body, the same material is used as the ordinary pottery and china-ware clay, feldspar, flint, the same as they use. We work it up until it reaches the consistency of cream. We take the water out through a press and dry it until we get it back almost bone dry. Then we grind it until we get it in the form of flour. All tile are made with pressure by a press. Some use a power press, but in our factory we use the screw press—that is, a plunger operated and run up and down by a screw. That plunger goes down into a square or oblong box, the shape we desire to make the tile. In that box is sifted the flour. If it is to be an embossed tile, there is a metal dye which drops down and the dust is thrown over on it. The screw goes down. Then the screw runs up, and the

uplift pushes the tile up and out; and you have a square tile, embossed or plain, as you desire.

Q. (By Mr. TOMPKINS.) It then goes through the same as pottery?—A. Then it goes through the same process of manufacture as pottery. It goes through one kiln and is bisque-fired and then another kiln and is gloss-fired. Now, if we make broken ceramic, it is made in strips the same as we make tile. It is about 3 inches long and a half inch wide and three-eighths of an inch thick. That is fired once, and it is then broken up in pieces to form a scroll, or flower, or fleur de lis, and pasted on paper by children. The paper has traced on it the design we want to make, or the flower. The children paste these pieces of broken colored clays on the design. When it is dry it is turned over to the tile setter, and he turns it upside down in cement, rubs it into place, and when it sets a little while he pulls the paper off and the floor remains. It is afterwards rubbed with cement and brought to a level.

Q. (By Mr. LITCHMAN.) Is the process of your manufacture at Trenton the same as that at Anderson, Ind.?—A. It is the same; I think the only difference is in the kilns. Where they make the glazed goods they use a round kiln; we use the muffle kiln—a long kiln like a big box—12 feet long, 5 feet wide, and 5 feet high. We prefer that to the round kiln because we think the loss in manufacture is less with ours than with the round kiln. That is simply a difference of opinion between manufacturers.

Q. (By Mr. CLARKE.) How are your goods marketed?—A. Through dealers.

Q. Commission houses?—A. No; we sell directly to what is known as mantel and tile houses. We sell fireplace fixtures like grates and wood mantels. They take contracts on buildings and set the tile; they are the people who employ the tile setter. We do not have anything to do with that part of the business.

Q. Do you find your foreign market in the same way?—A. We sell abroad through an agent; he gets the order and sends it to us and we fill it.

Q. Do you send agents or employ persons who are there?—A. People come here and seek the agency for export.

Q. Do you feel there is considerable opportunity to increase your exportation?—A. We think so; we only hear good reports from everything we send abroad.

Q. Do you sell abroad for any lower price than you sell for in this country?—A. No; in fact I get more in Australia than at home.

Q. (By Mr. LITCHMAN.) What is the effect on the health of the employees handling this powder that you make into the tiles?—A. I have never heard of any bad effects; we have people in our employ that started in with us in 1882. Tile manufacturers have never had any difficulty whatever with their labor from the beginning of the industry; they have never had a strike. I think we do not have labor in any part of our factory that belongs to a union. We advised them all to leave their unions.

Q. (By Mr. KENNEDY.) You say you advised them all to leave their unions?—A. Yes.

Q. Why did you do that?—A. Well, unions always create dissension; you can not get two workmen that work alike, and one man is jealous of another. One man makes more than another, making piecework, and he soon commences to breed discontent, and you have trouble throughout the factory.

Q. Do you not believe their aims are generally in the interests of the best good of the persons employed in the industry?—A. No; I have never thought so, because all the labor unions I have come in contact with are founded upon the poor workman and not upon the good one. As it is now in our factory, I am enabled to pay a good workman for his labor, and every man strives to be a good workman.

Q. Are you not able also to be absolute dictator as to the rate of wages, hours, and all conditions under which the men work, and is it not also a fact that the men have less to say about their wages than if they had a union?—A. That might be the case where the employer was inclined to be unfair; but as far as we are concerned we have always met our employees as one fair man would meet another. If we were inclined to make them work excessive time we would be restrained by the laws of the State of New Jersey, which fix the time for work at 54 hours per week.

Q. But organized labor usually aspires to work fewer hours than that, does it not?—A. Yes; but I suppose as a rule the majority of our men do not work 54 hours a week. They are, as a rule, pieceworkers. We go to work at 7 o'clock in the morning, quit at 12, go to work at a quarter of 1, and quit work at a quarter of 5, and shut down every Saturday at 3 o'clock.

Q. You admit that an employer who is unfair and is inclined to be grinding and to get the very last possible thing out of a man has a greater opportunity to do so where the labor is not organized?—A. Undoubtedly.

Q. You think unions are just as desirable and necessary amongst workmen as combinations among employers?—A. Yes.

Q. Are you opposed to capitalistic combinations?—A. No; I think our industry would be a great deal better off if we were all in one consolidation. As it is now, this country with 70,000,000 people used 10,000,000 feet of tile last year, where Belgium, much smaller, used 30,000,000 feet. Now, if we were all in one large corporation we could establish throughout the United States offices that would bring our product right in direct contact with the consumer. As it is, we can not afford to do this individually. We are wholly in the hands of the dealer.

Q. To-day it is desirable to have combinations in your industry for that purpose, then?—A. I think so.

Q. And to maintain prices?—A. No; I do not think it would increase prices.

Q. I say to maintain prices?—A. No.

Q. To maintain assured profits?—A. Well, we could not sell the tile any lower than we are selling it for to-day, and there is no incentive or desire on the part of any manufacturer to increase the price. His desire is to increase the output and get a larger market.

Q. Can you say anything about the comparative efficiency of American and foreign workmen in this industry?—A. No; I have no knowledge whatever of what the foreigner does. All I know is hearsay, but I believe the American workman produces more goods per day as a pieceworker than the English workman does.

Q. How about time work?—A. I can not tell you much about that; I do not know anything about what the Englishman does. I say Englishman because England is the main competitor we have. That is the great source of tile.

Q. (By Mr. LITCHMAN.) Have you among your workmen many who have recently come from England—within 5 or 6 years?—A. No.

Q. Most of your help has grown up right there?—A. Grown up with us.

Q. Then you have nothing from your own personal experience by which to judge of the comparative power?—A. Only in the early stages of the industry. Then I know we had several English workmen, but they did not have the pace that the American workman has.

Q. Is it true of your workmen, as was stated by Mr. Burgess, that they occupy tenements of their own volition—I mean by that, that you have no tenements connected with the factory?—A. We have none whatever.

Q. They get their own homes the same as all the working men and women of Trenton?—A. Just the same.

Q. How far so far as your observation goes, are they patrons of the building and loan associations?—A. I do not think I have a man in my employ who is connected with the building associations. Trenton has had some disastrous experiences in that line.

Q. That is true of the 2 companies that failed; but the disposition of the people is to avail themselves of that means of saving?—A. We have quite a number of our workmen who have nice deposits in our savings institutions, but I do not think they have any interest in any building and loan associations. They are very apt to put their money in the savings banks.

Q. Since the failure of the Mercer and Trenton societies they have quit?—A. Yes.

Q. And their quitting is due to that failure, or rather to the conduct of an officer of the loan associations?—A. I think so.

Q. (By Mr. CLARKE.) What fuel is used in the potteries in Trenton?—A. We use anthracite coal on one side of the factory and soft coal on the other; anthracite to fire the biscuit kilns and soft coal to fire the gloss kilns.

Q. Have you always been able to get an adequate supply and at prices which are satisfactory?—A. Up until within the last 4 or 5 months, when the strike occurred in the Georges Creek region, and later when we had the strike in the anthracite region. Then we had to get it where we could and at what price we could get it for.

Q. How are your materials brought to you and how are your goods shipped—mostly by rail?—A. By rail.

Q. Are the railroad rates and classifications satisfactory to you?—A. Yes. We grumble a little about the excessive freight rates we have to pay to points like Omaha. We can not understand why we can ship our goods to Sydney and New South Wales at a less rate than to Omaha. We ship goods at 50 cents a hundred to Sydney, and to Omaha for 57 cents a hundred.

Q. How are the goods for Sydney carried?—A. By the White Star Line to Liverpool. There transferred, and from there through the Red Sea to Australia. That is done at 50 cents a hundred.

Q. Do you know whether they are carried from Liverpool to Sydney by steam vessels?—A. Yes; through the connections of the White Star Line. Of course, they go from Trenton over the Pennsylvania Railroad to New York. They would take the same course that a shipment from Trenton to Galveston would take—go by rail to Jersey City and there take the Mallory Line to Galveston. Our freight rate into Galveston is 43 cents a hundred, while to Sydney it is 50 cents.

Q. How do you yourself account for the difference?—A. I can not account for it.

Q. You have made no complaint to the American steamer or railroad lines?—A. Yes; I have made a complaint to the Morgan Line and to the Sunset Route, but my complaint availed nothing.

Q. Did you ever show to them the difference between their rates?—A. I showed it to their route agent. He is in our factory possibly once a week, and I call his attention to it, but it does not avail us anything. I am not so much interested in that question, because the manufacturers of tile have an association by which we agree to equalize freight rates; so, as long as the equalization does not come off my end of the stick, I do not bother with it.

Q. Let us know something more about that agreement to equalize the freight rates.—A. Take the Zanesville factory. Their rate into Galveston is 48 cents a hundred as against our rate of 43 cents. They pay to the buyer the difference between 43 and 48. The freight rate from one factory is not to be any more than it is from any other. If I ship into Chicago, my freight rate is 40 cents a hundred from Trenton to Chicago. From Anderson into Chicago, we will say, it is 18 cents. I have got to give the dealer the difference between 18 cents and 40 cents.

Q. This transaction is made and completed with each dealer?—A. Yes; with each dealer.

Q. There is no clearing house of the manufacturers?—A. No; it is just an agreement between the manufacturers to put the commodity on the same basis.

Q. Do you know of any other manufacturers in this country—that is, manufacturers of any other line of goods—which have a similar agreement?—A. I think quite a number of them have.

Q. How long has this agreement been in effect in the tile industry?—A. Two or 3 years.

Q. Does it work to your satisfaction?—A. Entirely so.

Q. Do you know of any complaints on the part of other manufacturers?—A. None whatever.

Q. Does it enable each manufacturer, wherever located, to compete in all parts of the country?—A. In all parts of the country the market is open to him. Of course, an Eastern manufacturer would not drum Western points very hard, nor would a Western manufacturer drum the East very hard. If he should make his goods all f. o. b. the factory, then the Eastern man would never sell in the West. We were practically precluded from the Southern territory for 2 or 3 years on account of the excessive difference between our freight rate and the Western freight rate. We had to abandon it; we could not afford to equalize it.

Q. Does this agreement between the manufacturers cover anything but freight rates?—A. That is all; nothing but freight rates.

Q. (By Mr. LITCHMAN.) What advantage does the use of natural gas give to your competitors in the West?—A. They claim it is a cheaper fuel.

Q. Is that equalized, so far as the Eastern market is concerned, by the rate of transportation?—A. I think it would be. Their cheap fuel would enable them to equalize their freight rate better than for us to equalize with the Chicago rate. It is a question, though. Take the United States Encaustic Tile Company, at Indianapolis, the old Harrison plant. I have their own statement that their original gas plant cost them \$60,000. They piped the gas 23 miles, and they have had that now for probably 8 or 9 years, and they have had to spend possibly \$1,500 or \$2,000 a year to sink new wells. Now, the interest on the original \$60,000 and the additional cost of sinking wells begins to make quite a fuel bill.

Q. What proportion of the cost of your finished product is for labor?—A. Seventy per cent.

Q. (By Mr. CLARKE.) That is, 70 per cent after the raw material has been prepared and delivered at your door?—A. Yes.

Q. Labor enters into the preparation of that largely, I suppose?—A. Yes.

Q. Do you know what proportion of that cost is labor?—A. No; I do not.

Q. (By Mr. LITCHMAN.) What would be the effect of a reduction in the tariff on your goods?—A. It would hurt us, because we are selling tile to-day in Chicago, with the freight paid, for no more money than they are selling at Liverpool ready for the steamer.

Q. You could not, then, export all the kinds of tile you produce?—A. No.

Q. It is only a limited quantity of a special kind of tile that you export?—A. Yes.

Q. And on that the tariff is not so much of a factor as the other kinds you produce; is that true?—A. No; the reduction of the tariff would affect us all along the line.

Q. You spoke of being able to export a portion of your goods to Holland and to Australia, even in competition with England. Is that a special grade of goods?—A. That is a special grade of goods. We get the business largely from the nice things and details we make, which the English and foreign manufacturers do not make at all. When they come to make the little details that the architects ask us to make, then they will injure us in Australia and in Europe. There are many things in the tile line that England does not think of.

Q. Do you at Trenton make ornamental tiles as they do at Anderson?—A. O, yes. (Testimony closed.)

TRENTON, N. J., May 20, 1901.

TESTIMONY OF MR. WILLIAM CLAYTON,

Representative Jiggermen and Dishmakers' Union, Trenton, N. J.

The special subcommission of the Industrial Commission met in the assembly room of the statehouse at 2.30 p. m., Mr. Clarke presiding. At that time Mr. William Clayton, potter, appeared as a witness and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your full name and post-office address to the stenographer.—A. William Clayton; No. 54 Anderson street, Trenton.

Q. Proceed in your own way.—A. I have written down something here which I prefer to submit, after which, if the committee desire, they can question me on the points raised, and I will be glad to answer, so far as I am able. (Reading.)

It gives us very much pleasure to come before you to-day representing, as we do, the Jiggermen and Dishmakers' Union of this city, which is a very important branch of pottery operatives and an important factor in the production of crockery ware. More than 70 per cent of the operatives and their helpers who produce general earthenware are members of this branch, and fully 80 per cent of the total output of a general-ware pottery is produced by this branch of operatives.

Our labor organization represents about eight-tenths of the jiggermen and dishmakers of this city, and other branches of this industry are becoming affiliated with us. Just as soon as they understand our policy and line of action they desire to cooperate with us in our work, so that while the above figures represent our own individual branch, yet we may be said to represent a much larger ratio of pottery operatives.

Our concern in coming before you to-day is not to recommend drastic measures to be employed against capital or to air some grievance we may have against our employers. Our purpose is much higher and nobler than this; a purpose that is broader than the confines of narrow prejudice and infinitely higher than low and sordid selfishness. We desire to go on record as a body of union laborers, desirous of cooperating with capital (our employers) for the betterment, the building up, the development of the industry in which we labor and from which we derive that on which we depend for the sustenance of ourselves and our families.

This industry of ours is of prehistoric origin, although comparatively little was known of it in this country until very recent times. It stands out in history unique in its character, and its history is in a very great measure the history of the growth and development of the race.

In none of the mechanical arts do we find more scope for beauty in form and outline or a wider field for the diversified expression of artistic thought and conception.

It is an industry in which art in its highest form may have full sway, and science in its most searching investigations may find much profitable work.

Here they meet like twin sisters, beautifying and adorning each other, and giving out articles of use and beauty, and finding employment for thousands of people.

In furthering the development of this industry we desire that the conditions which are unfavorable to that end be amended or, if possible, be removed.

In the first place, the Government may help very considerably in its fostering care by appointing men trained in the pottery business to investigate the various sections of the country where materials suitable to the pottery industry may be found. By this means the finest and most reliable grades would be discovered and reported upon. While we already have discovered some very excellent materials, yet for certain purposes we have to apply to England for certain grades of

clays which are very necessary to the production of our goods; and if England should feel herself called upon to place an export duty on her clays, as she has done already on the exports of her coal, the cost of production of some of our grades of goods would be very materially increased; and if the American manufacturer is compelled by foreign competition to sell at present rates, labor would, in all probability, be called upon to suffer a reduction in wages commensurate with the increased price of the imported material; therefore we recommend that you favorably consider this important point which will aid very materially in the development of the pottery industry.

In the second place, the Government could help further in the development of the industry by encouraging in the several centers the institution of schools of industrial science and art, where men may be trained for service in either of the above branches. In these days the demand is for men who have had special training in special lines, and if the pottery industry in this country must grow and hold its own against the foreigner, schools of learning in the arts and sciences as applied to the potters' craft are greatly needed.

In Europe, particularly in Germany and England, schools of this character are established, and are encouraged by government patronage and help. These European institutions are producing men exceedingly clever in their line, and whose work will come into successful competition with our own unless we adopt the same methods.

There are a number of other things which operate to a considerable extent against the further development, but I will notice but two. In the first place, there are the discriminating freight rates in favor of the imported foreign goods as against the domestic manufacturer. It is a notable fact that the railway carriers, acting conjointly with the great shipping lines, are carrying goods from the seaboard to inland points at a rate considerably less than is charged the home manufacturer to those same points. A single example will show to what extent this is done. A consignment of pottery ware may be sent from Liverpool, England, to St. Louis for 37 cents a hundredweight, while it costs 41 cents per hundredweight from Trenton to the same point. A more glaring instance is the sending of goods from Liverpool to San Antonio for 40 cents, while the charge from Trenton is 98 cents. This is discrimination with a vengeance and makes practically inoperative the protective tariff law to the extent of that ratio in a given weight and value. No wonder the workman looks with very grave apprehension on the formation of large corporations when, as in this case, they shall forget the great responsibility of American citizenship and operate to the industrial injury of the pottery operative and his employer. Unless some power steps in, a unification of financial interests will dominate lines heretofore independent and this great power will be uncontrolled by any public authority which can efficiently be exerted. I need only to point, also, to the official classification of rates which went into effect January 1 of last year. In this official classification a number of articles were raised from a lower to a higher class, with its higher rate of charges.

Carload lots are also being carried at less rates than less than carload lots, thus discriminating in favor of the larger shipper. In these changes the shipper of pottery ware is largely affected.

The Interstate Commerce Commission looks with apprehension on this state of things. In its last report it reprints on page 8 a paragraph which formed a portion of its previous findings and says: "Tariffs are disregarded, discriminations constantly occur, the price at which transportation can be obtained is fluctuating and uncertain, railroad managers are distrustful of each other, and shippers all the while in doubt as to the rates secured by their competitors. * * * Enormous sums are spent in purchasing business and secret rates accorded far below the standard of published charges. * * * All this augments the advantages of large capital and tends to the injury and often to the ruin of small dealers. These are not only matters of the gravest consequence to the business welfare of the country, but they concern in no less degree the higher interests of public morality." This is a strong arraignment and a great condemnation, and there seems to be no remedy except by drastic legislation and severe punishment for violation.

Another factor in retarding the further development of the American pottery industry is found in the imperfect protective tariff law we at present have. We believe the present law can not, without it is surrounded by stronger safeguards, be enforced to the full and benefit those for whom it was intended to the extent it should.

A perfect protective tariff law, one that is calculated to prevent fraud, should be compound in character: the ad valorem principle opens the way to very great fraud by undervaluation and incorrect description. It must be remembered that

the largest foreign shippers of china and earthenware to this country have their own agents here to whom the goods are shipped, and in countries like Germany, where there is no oath administered by the consul, the manufacturer may invoice his goods at any price he may think proper, and take his chances of a revaluation at the port of entry. He may ship them to Newport News, where he believes the scrutiny will not be so severe as at the important ports of New York, Philadelphia, or Boston.

Further, under the present system, what is known as "stuffing" may prevail to an alarming extent. This operation consists in a manufacturer who is packing "hollow" ware for export, having sent to him for "inclosure" fancy articles of a very much greater value than the goods into which they are placed. These, of course, do not appear on the invoice, and consequently no duty is charged. Fraud of this kind, however, is not practiced to-day to the extent it was years ago. But my point is to show the possibilities, the openings for fraud, under the present system. Now, there are only two ways to remedy these evils, each of which we respectfully submit to your careful consideration.

First, the placing of china and earthen ware on a compound basis of specific and ad valorem duties; or, second, make more perfectly operative the present law by appointing a larger number of inspectors—men trained in the business who are thoroughly practical and know the trade well. Some of these may be appointed with the consuls in the pottery districts in foreign countries, and others added to the force already in existence at the various ports of entry in this country. Either of these suggestions or recommendations would, if carried out, bring down the possibilities of fraud to a minimum, and help to foster and develop the home industry.

These are some of the things which, if carried out, would be for the betterment and growth of the pottery industry in this country.

In Germany there is in existence what is known as "omnibus" invoicing, which consists of lumping the goods together and making out no descriptive invoice. This is generally done by the agents of American importers, who periodically go over to Germany for this purpose, and in violation of the law omit to present to the consul the original manufacturer's invoice, and substitute the "omnibus" one of their own, which fails to be fully descriptive or correct in value.

It may be asked why we as operatives take this view of things and adopt this line of action. Our answer is, that we believe it to be our highest duty to work for the building up and strengthening of the whole structure of our glorious industry. To this end we are desirous of working with our employers, the capitalist, the shipper the dealer. We are all coworkers, and that which shall benefit one will benefit each.

We have no antagonism toward our employers; the relations between us are amicable and cordial, and with these feelings, and with the expression of these sentiments, we respectfully submit this simple statement of our thought and position in relation to the pottery industry of this country.

Q. Did you ever work in this industry abroad?—A. Yes; in England.

Q. And are you familiar with the present or recent conditions of the industry there as well as here?—A. Up until 11 years ago.

Q. Are the methods employed there in the manufacture substantially the same as those employed here?—A. Substantially the same. I am speaking now of the production of general ware, but not of china—what is known over there as china—but general ware, nor of sanitary ware. The only difference in the production of some articles over there is the fact that they are produced by female rather than by the male elements of the community.

Q. Is there a larger proportion of male help employed here than there?—A. Yes; according to the number employed. There are absolutely no females employed here in the actual production, that is, in the making of articles. To be more explicit I will just say this, that over there females make cups and saucers and small plates. Here they do not; they are all made by males.

Q. Do women get a smaller price for some articles there than men do?—A. Over there a little less; yes.

Q. How do the wages of men there and here compare?—A. The wages received here are much more remunerative than over there.

Q. Do they work by the piece there about the same as they do here?—A. Yes; they work by the dozen, or score, or score dozen. Here it is by the dozen; over there it is by the score dozen.

Q. A small price per dozen or piece?—A. Small price.

Q. Is it your opinion that it is necessary to have some protection to labor employed in the industry here in order to keep the industry going here?—A. It is.

Q. Is that on account of the difference in labor cost?—A. Very much on account of the difference of labor cost.

Q. Can we procure the materials that enter into the pottery production about as cheaply here as they can there?—A. About the same. I do not think there is very much difference in some of the articles. There may be a little, but generally speaking I do not think there is very much difference.

Q. From your knowledge of the industry do you think that operatives here are capable of producing as fine work of every kind as is produced there?—A. I do.

Q. Do they produce as good work in the various branches undertaken as they do there?—A. In the particular grades which are produced here they do.

Q. Is there as much pains taken in the finish involving a great deal of labor as there is there?—A. There may not be in some expensive articles, but in general ware I think there is.

Q. (By Mr. LITCHMAN.) What proportion of the pottery workers in the United States are employed in Trenton?—A. I should say about 6,000 of the whole number, the whole number being about 20,000.

Q. Then you have about one-third?—A. We have about one-third here. I presume.

Q. Is your organization a branch of the general organization of the United States?—A. No, sir.

Q. You are in harmonious affiliation with the other branches of the trade?—A. With some of the other branches of Trenton, not with the organization known as the national organization.

Q. Do you follow the prices established by the national organization, or are your prices lower or higher?—A. Our prices are generally higher than those established by the national organization.

Q. Is there a specialty in the kind of work produced in Trenton that makes it different from that produced in other sections throughout the country?—A. There is a specialty before you here.

Q. In the samples you have submitted for the inspection of the commission?—A. Yes.

Q. Anything further that you have now?—A. Well, the Belcek ware produced largely here is always produced as a specialty. We have none of those samples here.

Q. The sanitary ware is not a specialty for Trenton?—A. It is largely manufactured in Trenton. A large proportion of the sanitary ware produced in this country is manufactured in Trenton, although it is produced elsewhere. The sanitary part of the business we know very little about. We are here as representatives of the production of general earthenware.

Q. (By Mr. FARQUHAR.) You said that England had a monopoly on raw product. What is the character of the product that this country lacks that England furnishes?—A. There are several clays of a high order, china clays in particular, and then there is what is known as English ball clay, a substitute for which has not been found in this country yet. In fact, a substitute for either of those has not been found yet, and that is why I suggested in my paper that the Government might do something on this line, by engaging some of those who are experts in that line and thoroughly practical, to see what can be found, so as to enable us to do without asking England for these materials. I said, if you will remember, that if they avail themselves of the opportunity to place a duty on the export of the clays as they have already done on their coal we should be very much hampered.

Q. Would that harm general earthenware manufacturers in this country?—A. Yes.

Q. As well as the manufacturers of china ware?—A. Yes.

Q. Have you any idea of the amount of product of raw material that is imported from England?—A. I have not, but almost every manufacturer in the country uses it.

Q. Is this china clay found in any other European nation?—A. China clay is found in Germany and France. They use their own native clays; but I do not know of any ball clays that are found and used in either of those countries.

Q. The excellence, for instance, of the Limoges ware is that due to the French clay?—A. That is from the French clay.

Q. Then is its excellence in the manufacture or quality of the original product?—A. In both.

Q. Is there any clay in Great Britain that is equal to French clays in manufacture?—A. I think there are to an extent, but not to the whole extent. As far as my knowledge goes there is just this difference in the French clays. There is a carbonate of lime associated with some of the French clays that is not found in English clays and that helps very materially in the color of the ware, whiteness of the ware.

Q. You called attention to the difference in freight rates, specifying freight from Liverpool to St. Louis, at 27 cents a hundred, and from Trenton to St. Louis, 40

cents. Have the railroads ever given any reason or have the manufacturers got any reason for that discrimination?—A. They have not, so far as I know.

Q. You do not know whether it is all rail from the coast to St. Louis or from the Gulf?—A. I believe it is all rail from the coast to St. Louis.

Q. You also mentioned San Antonio, Tex., as paying 40 cents a hundred from Liverpool, and from Trenton, 98 cents. Do you take into account that that is all ocean transportation?—A. But still they go by Galveston, involving a second handling and some transportation by rail.

Q. Well, as your transportation from Trenton is entirely rail to San Antonio, as I understand, do you think it is possible for any railroad to compete with that ocean traffic and short-rail rate from Galveston to San Antonio?—A. It would not be able to successfully compete, but the difference is so glaringly inconsistent that it is possible in my mind it may reduce somewhat that rate.

Q. But are you aware there are many other products in the same position as yours? For instance, steel?—A. Yes; I believe there are other products.

Q. You know of no way to remedy such a state of affairs as that so far as the transportation is concerned?—A. Only by direct legislation—remedial legislation.

Q. Special legislation. What do you mean?—A. Dealing with rates, as I understand it. In England the Government deals with those things and fixes the price per mile.

Q. But the Government does not control in any way the ocean freight?—A. Oh, no. We do not make any point of the ocean transit, but just as soon as it strikes the seaboard then we think there ought to be some uniformity in the rates.

Q. But do you take into account the very short-line rate from port between San Antonio and from Trenton to San Antonio by rail?—A. Yes; I take that into account, but my point was that the difference was greater than it ought to be.

Q. But you can suggest no remedy except special legislation?—A. I do not know of any remedy.

Q. You spoke of changes in the classification of freight rates. Do you know what changes they are?—A. Taking from the lower and putting in the higher class.

Q. When did that change go into effect?—A. I believe a year ago.

Q. Do you know what the change was—how much?—A. No; I do not happen to have the figures, but the very fact that an article is changed from a lower to a higher class means a higher rate.

Q. How could the remedy in the case of fraudulent invoices be effected by United States officers?—A. I think by the suggestion I made, either by a specific duty or a compound duty, specific and ad valorem, or by having competent men over there to assist the consul in his work, who should examine, as far as they are able, these goods.

Q. Do you take into account that it is almost practically impossible to examine all goods exported?—A. I said "so far as he is able." I know it is almost impossible to examine all, but I think the very fact that men were appointed and placed there might have a salutary effect upon those who are shipping these goods.

Q. Now, as a practical workingman, can you give us the real reason for your desire for a compound duty, specific and ad valorem?—A. Why, simply because the protective tariff does not seem to protect to the full extent which its framers desired it should. I instanced how easy it was by undervaluation, by stuffing, and other means to place goods in this country without even any tariff being paid on them at all. If we had specific rates every pound would be paid for.

Q. Do you think you would give more protection to the American manufacturer and American workingman by compounding the rate?—A. I do.

Q. You workmen here earn about as good wages as the general run of skilled labor?—A. I think so.

Q. Do you earn better?—A. Oh, about an average of the general run.

Q. Are your operatives here usually citizens—stationary—having homes and families?—A. Yes; that is the general way. There are a few exceptions, of course, but very few.

Q. (By Mr. KENNEDY.) Are you connected with the American Federation of Labor?—A. No.

Q. Have you a charter from any national or international body?—A. No.

Q. Are there workers in your industry connected with the American Federation of Labor?—A. I do not know whether there are any connected with the American Federation of Labor. There are a few in the city who are connected with what is known as the National Brotherhood. Whether they are connected with the American Federation of Labor I do not know.

Q. Do you affiliate in the central body with the other organized men of Trenton?—A. No.

Q. Do you observe Labor Day?—A. Yes.

Q. Do you parade with the other labor organizations in observance of that day?—
A. They do not usually parade in this city.

Q. Why are you disconnected both locally and nationally with the organized labor of other industries?—A. Because the national organization, that is, the National Brotherhood of Operative Potters, operated to our hurt, so as to effect a reduction in our wages, and as a consequence we would not have anything to do with them. They gave out a list or a scale of pay for goods, of products, that very materially reduced the wages of Trenton potters. Consequently we refused to have anything further to do with them, believing that this was not a time when wages should be reduced.

Q. (By Mr. LITCHMAN.) When did this take place?—A. Last May, a year.

Q. (By Mr. KENNEDY.) That is something unique in the history of labor unions to reduce wages.—A. I should think it is.

Q. (By Mr. CLARKE.) How do you explain it?—A. I can't explain it.

Q. Were they composed largely of representatives from the other parts of the country?—A. Yes; largely of representatives from the West.

Q. Was the scale of wages lower in the West than here?—A. Yes.

Q. Was it an attempt to equalize wages between the West and the East?—A. Yes; by bringing the wages of the East down to those of the West.

Q. (By Mr. LITCHMAN.) You thought the equalization ought to have been made by bringing the wages of the West up to those of the East, did you?—A. Yes.

Q. (By Mr. FARQUHAR.) What point in the West made the most effort for the lowering of wages?—A. East Liverpool. Don't understand me to say it was not a lowering of wages in the West, but that section operated most to lower the wages in the East by presenting a uniform scale of wages.

Q. When did the National Brotherhood adopt the uniform scale for your work?—

A. About a year ago the first of last May.

Q. Did you have delegates to the national convention when that question was up?—A. Yes; I believe the Trenton potters had delegates to the national convention previous to that.

Q. Was that the first time the National Brotherhood ever attempted to make a uniform scale over the United States?—A. I can't answer the question.

Q. (By Mr. KENNEDY.) Are there many foreigners employed in the industry in Trenton?—A. Yes; there are quite a number of foreigners.

Q. Are there a great many English in the industry?—A. Yes.

Q. Is that true of those engaged in the industry in other parts of the country; East Liverpool we will say, for instance?—A. I think so.

Q. There is no national clash of the workers in this industry as far as organized labor is concerned?—A. No; I do not think so.

Q. (By Mr. LITCHMAN.) How long is it since the industry, the pottery industry, may be said to have been established in the United States?—A. Since the civil war.

Q. Has it grown most rapidly within the last 10 years?—A. The last 10 or 15 years.

Q. Is it true that there is also employed at the present time a considerable number of men who are the descendants of those who first established a pottery here?—A. Yes; I believe that is so.

Q. You find the conditions of the industry in this country superior to the conditions under which you worked in England?—A. Yes.

Q. Both as regards wages and general conditions?—A. Yes.

Q. How do you find the conditions in relation to the education of your children?—A. Very much better in this country than over there; in particular so far as the higher education is concerned. There they have schools which are about on a par with our public schools here, but it is not so easy for children to get into the higher branches and higher institutions of learning as it is here.

Q. Is the education there free, as it is here?—A. Yes; up to that point.

Q. (By Mr. CLARKE.) How does the condition of the business here at the present time compare with it in recent years?—A. It is in a very flourishing state now, more so than for years, particularly under the Wilson law. If that had gone on longer the business would have been non est.

Q. Were the potteries closed down at any time during those years?—A. They were; and some of them have never opened since, or at least some of the men have never been able to go into the business.

Q. Were the wages reduced?—A. Very much.

Q. Have they been raised since the present condition began?—A. They have.

Q. Has there been contentment among the operatives here so far as you know?—

A. Yes.

Q. Does the industry seem to be gaining ground—the business enlarging?—A. Yes; a little.

Q. (By Mr. KENNEDY.) I should like to ask what your organization does for your members; does it fix a scale of wages, for one thing?—A. Not at present. We have just taken a list which was in existence before our organization was in existence in its present form.

Q. Was that scale of wages fixed by the employers without the employees having any voice in the matter?—A. No; it was a list fixed by both parties, what is understood to be the "ninety" list.

Q. Have you an arrangement by which the employers shall in the future get together with the employees and arrange a scale of wages and hours?—A. That is the general feeling and tendency at this time.

Q. Have you anything in the laws of your local unions that provide for that?—A. Not at present.

Q. Can you submit the constitution and by-laws of your organization to the commission?—A. Yes; we can.

Q. Have you any arrangement for arbitration of questions that arise, for the settlement of differences between employers and employees?—A. Not at present. We believe rather in a conciliatory than an arbitral method. That is a case of last resort.

Q. (By Mr. LITCHMAN.) I believe you said that the relations between your organization and the employers at the present time is harmonious and pleasant?—A. Yes.

Q. Do you find any indisposition on the part of the employers to meet with your men to discuss difficulties?—A. No indisposition whatever.

The WITNESS. (After some questions had been put to another witness, Mr. Morgan, on the subject of crazing.) If the commission would care to hear anything on the question of crazing and coloring, I might add a little on that point.

Mr. CLARKE. I think we would be glad to hear it, if in your opinion it will be helpful to the enlightenment of public opinion.

The WITNESS. I may say that I happen to have been through one of the English technical schools, and to have had some experience over there. I have also done some work here, so I thought if the commission was hardly clear, and if I could do anything to remove the cloudiness, I would be most happy to do so.

Q. Please go on now and state what you can add to this.—A. The question was asked Mr. Morgan as to crazing, and in substance whether the manufacturers had in a great measure got over this. He did say that the body had something to do with it, the earthenware body in particular. I make a distinction between earthenware, porcelain, and china. Earthenware is at one extreme, china at another, and porcelain is somewhat a mixture of both. The fine translucent china is more of a perfect chemical compound than any of the others. The earthenware body is just a mixture, one material suspended in the other, whereas the porcelain is just what its name implies, some porcelain, some china, neither china nor earthenware, but is in a greater degree of vitrification than the ordinary earthenware. Now, we have come in this city to a greater perfection in the mixture in our bodies, and have been able to calculate to a very great nicety the coefficient of expansion and contraction of body, and glaze under heat and up to a given temperature. This being the case, the glazes now are compounded with greater accuracy to fit the body on which they are placed, and as a consequence less crazing is produced. That, in short, is the whole case.

Q. (By Mr. CLARKE.) While you are on this subject, can you give us a description of the difference between belleek and china?—A. I can. Belleek is the further stage up the ladder. I may just say this in explanation, then I will talk of belleek, and I will illustrate it by vitrified bricks. There has been a great talk over this country about material for street pavements—vitrified bricks, asphalt, or blocks. In the early days, which are very recent, in vitrified brick it was found that extreme vitrification was a sign of very great weakness. I will illustrate by ordinary glass. Glass is more fragile than earthenware, because of its extreme vitrification. Glaze, as you are aware, is a correct chemical mixture; that is to say, each ingredient is dissolved in the other, and a compound silicate is produced. Now, as I observed a minute ago, there are three stages of ware produced—earthenware, porcelain, and china. Above that is a more tender and weaker structure, called belleek. I will give you some mixtures, and perhaps they will help you into a clearer conception of the whole thing. There is more clay in the body of earthenware, more flint, and less feldspar, feldspar being the fluxing agent. The clay is the result of the disintegration of feldspathic rock, from which the fluxing agents have been washed by the atmospheric changes, and clay, which is the silicate of alumina, is the resultant.

Q. (By Mr. LITCHMAN.) And the fluxing agent is?—A. It is not necessary to give the chemical form; the fluxing agent in the original rock, which is feldspar—

it is either potash or soda or both, sometimes a little lime. The more of this ingredient there is placed in the body which contains less clay and less flint, and as a consequence, under the same temperature of heat there is a greater degree of vitrification. Now, then, that is the general principle of producing porcelain and china.

Beyond this, to produce belleek, ground flint glass is introduced. You can readily understand it makes the body more tender—very, very fragile. It won't stand the wear; it won't stand anything at all. That is just the difference between earthenware on the one hand and belleek on the other. It is made exceedingly tender by addition of fluxing material, the fluxing agent.

Q. (By Mr. CLARKE.) Do they make belleek better in Trenton than they have succeeded in making it in Ireland?—A. No; I don't think so. I have the formula which has been used for years in Ireland, and I also have some Trenton formulas, and they are practically the same.

Q. Is it made anywhere else in the world besides Trenton and Belleek, Ireland?—A. The name belleek was given to the ware simply because it was made in Belleek, Ireland, but it had been made for long years before it was made in Belleek. It was never called belleek, and was never glazed. The bisque belleek is nothing but parian. The only difference between parian and belleek is the fact that parian has been glazed by people in Ireland and has been since called belleek.

(Testimony closed.)

TRENTON, N. J., May 20, 1901.

TESTIMONY OF MR. JOHN W. MORGAN.

Pottery worker, Trenton, N. J.

The special subcommission being in session in the assembly room of the state house, Mr. Clarke presiding, Mr. John W. Morgan was introduced as a witness at 3.32 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) You may give your name, post-office address, and your occupation.—A. John W. Morgan; 257 Walnut avenue, Trenton, N. J.; I am a jiggerman.

Q. Employed at the present time in one of the Trenton potteries?—A. Yes.

Q. How long have you been here?—A. It is 33 years since I first came.

Q. Did you ever work abroad in this industry?—A. Yes; in England.

Q. (By Mr. FARQUHAR.) Before we start on this I would like to have the witness explain the definition and origin of the word "jiggerman."—A. The potter that is termed a jiggerman makes plates, saucers, cups, and wash basins. The presser does another class of work. He makes the soup tureen or covered dish, the cream pitcher, the jug, and the ewer. Some jiggermen even make the ewer now. As machinery is being introduced into the pottery some of that work has fallen to the jiggerman.

Q. (By Mr. LITCHMAN.) The jigger is a machine used by the workman to assist in shaping those circular pieces of ware that you refer to, is it not?—A. Yes.

Q. (By Mr. CLARKE.) But even when a machine is used, most of the work is really hand work, is it not?—A. Yes; it takes a practical man to use a perfect machine so as to make a perfect piece of goods.

Q. You can not put a piece of potter's clay into a machine and have it come out a shapely dish without the intelligence and skill of the operator?—A. You have to have a deft hand or it is a failure.

Q. This, then, makes the pottery industry peculiarly a handiwork industry, does it not?—A. Yes. You may fix the machinery there and put the clay there and it would remain until the end of time. You may put an inexperienced person there to use the clay, and he will spoil the clay and machinery and all. It is a business that wants learning; it requires it. Before the introduction of machinery it took a boy in this country 5 years to learn the trade; in foreign countries, in England and Scotland, 7 years.

Q. Can they learn it as well in 5 years here as in 7 years there?—A. I believe they could learn it as well in 5 years there as in 7. I myself was a bound apprentice, and I thought I was big enough and knew enough about the business to skip out when I had served 5 years, and come to America. When my time was out, and I had arrived at the years of maturity, 21, I went back, knowing that my master could not do anything with me, as I had arrived at the age of 21 years;

but had I gone back before that time I would have been imprisoned. I learned the trade in 5 years.

Q. Is the trade as far advanced here as there, so far as the employment of facilities and the introduction of fine designs and methods are concerned?—A. Yes, I believe it is. I may say it is as far as the facilities are concerned. We get labor much cheaper over there than we do here. Where we are compelled to pay \$9 a week here, we could get the same work done over there for about 9 shillings.

Q. That would be about \$2.25?—A. Yes, for a week's work, where we pay \$9 in the United States.

Q. Does that wide difference run all through the industry there?—A. Where we are compelled to hire help. For instance, my own expenses are \$6 a day for my help before I can begin to earn anything myself.

Q. You take a certain class of work to do and employ such assistance in it as you need?—A. Exactly.

Q. Is that the practice over there?—A. Yes, we can not do without it.

Q. Do most of the jiggermen and dish makers over there work by the piece, as they do here?—A. Yes: it is all piecework.

Q. How do their wages generally in Europe compare with wages here—I mean their earnings?—A. Well, it varies in different countries. France is the highest, Scotland comes next, and England is third. In France the average is something like 32 shillings a week, or nearly \$8. In Scotland (I am speaking now of 1890, for which year I had the statistics) it was 29 shillings, a little over \$7. In England it was 27 shillings, while our average was \$11.43. But they do not go at the rapid pace that we do. We turn out a considerably greater number than they do. We go at a killing pace in this country.

Q. When you say "a killing pace," do you mean that the pace that you work at here impairs your strength and shortens your lives?—A. No, I do not know that, it does. It seems to me we live on about the average of potters in other countries. But as the custom of the American citizens is to go ahead in everything, we do the same. Imitation counts for a great deal in this country. For instance, if one person gets a bicycle everybody else wants one. You go to work at 7 o'clock in the morning Monday mornings, while in England and Scotland that would be about breakfast time on Monday morning. Then they quit somewhat earlier than we do. As a rule we keep at it 10 hours a day except Saturday, and quit on Saturday at 4.

Q. You can produce more goods in a day than they are in the habit of producing there?—A. Yes.

Q. But you claim you should be entitled to more earnings when you produce more goods?—A. Yes. We get a better price than the workman does over there for his goods. If we did not we would not be here.

Q. That is, you get a better price per piece or per dozen?—A. Per dozen; yes. I would like to explain, as Mr. Clayton did not seem willing to do so, about this reduction of wages. I think you gentlemen did not understand the question. We were affiliated with the central body, and sent our representatives to the convention until the executive committee announced that they were going to make a uniform list that should govern the whole United States in the pottery industry, and we were given to understand it would be a cutting down and a putting on. We fought it in convention. I myself in 1898 was a delegate to the convention, and was opposed to it. A resolution was passed by our local unanimously opposed to it, but, as we were in the minority, it did not go. Immediately after the issue of the uniform-scale list, which was practically the Western list, we surrendered our charter, created an organization of our own independent of anyone, and applied to the central body of this State for admission, but were refused on the ground that we were not affiliated with the national body. It is only a national body in name. We affiliated with it up to the time that we joined issues with the Western operatives. Our first organization was created in this city in 1869, and has continued ever since. We continued on as an independent party irrespective of the West. I believe the greatest organization that ever existed in this United States was the Knights of Labor. They attempted to force the uniform list in various ways upon the Eastern operatives. They tried to persuade the manufacturers to enforce it, but, as the manufacturers had had no voice in modifying the list, they refused to have anything to do with putting it in operation.

Q. (By Mr. KENNEDY.) What manufacturers do you speak of now?—A. The Trenton manufacturers.

Q. They refused because they had no voice in making the reductions of which you speak?—A. Yes: it was a matter for the workmen themselves to fight out.

Q. (By Mr. FARQUHAR.) Man for man, is the character of the worker in Trenton higher and more efficient than it is in East Liverpool, Ohio? In other words, does

East Liverpool secure a cheaper kind of people for their work than you do here in Trenton?—A. I do not know that the men are cheaper. Previous to 1877 there was not any white ware made in East Liverpool. It was all yellow ware. We had a prolonged strike in Trenton, lasting some 23 weeks, and while we were striking they changed their production from yellow ware to white ware. Now, those men that had been making the yellow ware did not know anything at all about the workings of white wares, and did not go to the trouble to ascertain. The result was that the manufacturer picked out his best men in the shop, started them right in with the machinery, and run the shop on the contract style, the manufacturer paying so much per dozen and he, the contractor, paying his men a lower price for the work. When the manufacturer saw he had the shop going to suit himself he changed that state of affairs. He mostly paid every man the same as the man he gave charge of the shop. While they would have been earning or receiving \$8 or \$9 per week, the manufacturer offered them a price at which they could probably earn \$10 or \$12 a week, and perhaps \$15. Thus the price was established there. We joined issues with them. There was no just comparison about their prices, because they were using the machine and we were using the hand tool. Then the Eastern manufacturer, having to compete with the Western manufacturer, had to put machinery in his shops. There was a committee appointed to go over to East Liverpool and make out a true copy of their list. This was done in February, 1890, and presented to the manufacturers with the understanding that we were to have the same facilities as in the West. You will understand that from 1877 to 1890 there had been a great many plants built in East Liverpool, and they were filled with the latest and most improved facilities that could be possibly put in the factory. We claimed we were entitled to the same facilities if we made goods for the same price. For the manufacturers to put in the same facilities in the East as in the West would cause the necessity of tearing out the inside of the potteries and rebuilding, which they could not afford to do, and hence we went on as we were. The hand work went on, and not until the administration of Mr. Cleveland and until the Wilson bill went into effect did the machinery become general in this city.

Q. (By Mr. LITCHMAN.) By the machinery you mean the jolies?—A. Yes. Then we asked for the 1890 list, and we received it, and those that are using the machinery are working practically under that now.

Q. Now, for the sake of the record, will you kindly state the names of the different branches employed in your trade? You represent, as I understand it, the jiggermen and the dish makers?—A. Yes.

Q. What other branches are there?—A. Those two are separate. The jiggerman is one and the dish maker is another. Then there are the pressers, the throwers, the turners, the handlers; there are the slip makers who make the clay; the sagar makers, the kiln men, bisque and gloss; the decorators, the dippers, the printers, the gilders, and the ground layers.

Q. Do I understand each branch has an organization?—A. No. The jiggermen and the dish makers have an organization. The kiln men, dippers, and sagar makers are organized, and I believe the printers are. I think that is about all that are organized. This breaking apart from the national body caused a split and somewhat put a nasty taste in the operatives' mouths about joining unions when they found that an organization that they had been paying money to wanted to reduce wages—something different from anything that had ever before been attempted.

Q. Were all these branches together at the time of the organization of the Knights of Labor in this city?—A. They were.

Q. Did they have different assemblies representing the different branches or mixed assemblies?—A. Different locals representing each branch of the industry.

Q. And then all the different branches were represented on the district executive board in fixing the scale?—A. They came from different branches.

Q. Now, will you give us a little information in relation to the different kinds of ware? As I understand it, the samples exhibited here are what you would call general ware?—A. Yes.

Q. By what other term do you designate other kinds of ware produced here?—A. Sanitary ware, electric supplies, and beelek, which is a specialty.

Q. And the ceramic art work?—A. That is the beelek. It is not fit for everyday use, but is more especially for special occasions and purposes. I do not know what they sell at.

Q. Now, will you touch on the question of wages and give us some idea in relation to that?—A. I do not know whether I can at the present time, but the conditions are about the same now as they were in 1890, and, according to the labor bureau of New Jersey, the average at that time was \$11—something like \$11.43.

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Q. Do I understand you to say the scale of wages in force now is the same as that of 1890?—A. Yes.

Q. Was there any reduction between 1890 and the present time?—A. Yes.

Q. That reduction has been restored?—A. Yes; there was a reduction of 12½ per cent.

Q. Not only a reduction, but a cessation of work?—A. That is true.

Q. Are the men here in Trenton pretty generally employed at the present time?—A. Yes.

Q. Are you able to tell the two extremes and the average of wages now?—A. I stated the average was about \$11.43 in 1890.

Q. What proportion of the help are young men—that is, under 21?—A. There are something like 175 jiggermen in this city, and they employ from 2 to 5 boys to help, I would say.

Q. Mr. Clayton testified, if I remember correctly, that there was something like 6,000 operatives here in Trenton. Of that number how large a proportion would be boys?—A. About 600.

Q. Does that 6,000 include the women?—A. No.

Q. Have you any idea about how many women are employed in the different branches?—A. Not very many in the department. Of course, in the warerooms there are scarcely any other persons but girls and women.

Q. When you speak of 6,000, you mean 6,000 men and boys employed in the clay department?—A. No; in the pottery industry.

Q. Then, that 6,000 must include the women?—A. Yes. We have something like 30 potteries in this city, but I have not the exact figures of those employed in the potteries. I tried to figure it up yesterday, and we roughly estimated the number at 6,000.

Q. You did not touch on the question of women so as to give an idea of how many women there are.—A. In the clay department I do not believe they would average more than 150.

Q. In the finishing and decorating departments you say they are almost all women?—A. Yes.

Q. Do you know what proportion that department bears to the balance of the trade?—A. No; I do not.

Q. Do you think it would amount to 20 per cent?—A. I believe it would.

Q. Have you any knowledge of the average rate of wages earned by the women?—A. I have not.

Q. Is any of the work done by men and women side by side?—A. Yes; in the finishing part of it.

Q. Do you know if the same wages are paid to the men and women on the same class of work?—A. No. I engage a woman myself and pay her. Every jiggerman employs what he wants. So far as I can remember, and I have worked on a jigger for 35 years, there were always women engaged to do the finishing work—to make the finishing touches.

Q. You misunderstood my question or I misunderstand your answer. Is there any part of the work where the same work is done by men and women?—A. Not in this country. You mean, does the manufacturer employ women to do the same kind of work as men?

Q. Yes. I was leading up to the question of equal pay for equal work, whether done by men or women.—A. In England they do the same work, and in Scotland they do.

Q. (By Mr. KENNEDY.) Are there any assemblies of the Knights of Labor in the industry in Trenton to-day?—A. I believe not.

Q. You stated that, in your opinion, was the greatest labor organization that ever existed, and you said also when it did exist there were harmonious relations in the entire industry. I should like to ask you how, in view of that fact, you account for the other fact that there is now no such thing in your industry in Trenton as the Knights of Labor?—A. One day it seemed to be on the very pinnacle of success, and the next morning we found it way down the valley. It was a great surprise.

Q. Your union could, if you wanted to, go into the organization of the Knights of Labor at the present time, could you not?—A. I suppose we could.

Q. Why do you not do so?—A. I could not say. I have no reason. I do not know.

Q. Perhaps you think now a labor union is a better thing for you than the Knights of Labor?—A. No. When we withdrew from the Knights of Labor we reorganized, and it was a question whether we should affiliate with the Knights of Labor or with the American Federation. I believe the majority were in favor of affiliating with the Federation; yet there was very little choice, in my opinion.

Q. You stated that after you withdrew from the national organization your new local organization sought affiliation with the organized labor of Trenton and were refused. That statement, then, amounts to this: That the organized labor in other industries in Trenton took sides against you and with the people employed in your industry in a far distant part of this country?—A. I do not know that they did. Their law is that where there is a national body they shall not be allowed to affiliate with the central without they are a member of the national. This withdrawing from the Brotherhood prevented us from affiliating ourselves with the central union.

Q. It was from the fact that they could not do it on account of their national and international laws. There is no feeling on their part against you?—A. No. They have expressed the greatest sympathy for us, and wished they could admit us. The president has said personally to myself that they would if they could.

Q. I do not know whether I followed you closely enough to know what you said the wages of the jiggermen in Trenton were.—A. They average about \$11 a week.

Q. Do you know anything about the wages of the men in the same work in East Liverpool? Do they make more or less than that?—A. I believe they make more. I am so informed. They go at even a more rapid pace than we do.

Q. How do you reconcile that with the statement that the scale which they prepared would force you to a lower level of wages?—A. They having the latest improved machinery and facilities for turning out the goods, are able to turn out a larger amount of work. Then, they do not begin to make as fine a grade of goods as we do. The same pains are not taken to finish the article as in Trenton.

Q. Many employers and many representatives of labor unions have testified that the American workman in any industry turns out a greater amount of finished product than the English worker will do, and they even go so far as to say that is true of the Englishman transplanted to this country; that there is something in the air or the living that induces him to turn out a greater product. I would like to ask you if it has been your observation that that is true, and if true, what you think are the causes that bring it about?—A. It is true; the causes I do not know.

Q. Is it better living—better conditions under which the people work?—A. I will say we live somewhat better than they do in foreign countries. The opportunities present themselves. I do not think that even the child has the opportunity of living in foreign countries as he does here. He has everything in season, and he lives better. It is a necessity that he does or he could not keep this pace up. I have known men to come to this country and start to work, and found the pace so rapid that they have retired and gone back. The very experience of seeing us with our shirts off scared them into hysterics almost.

Q. You think the operative in your line of business will live as long in this country as he will in the other?—A. I think longer. I believe if I had stayed in England I would not have been living.

Q. (By Mr. LITCHMAN.) How large a proportion of the men who come here become naturalized?—A. I claim that 98 per cent do.

Q. You think it is substantially true that they all do?—A. Yes. They make up their minds to go back, some of them, but in all likelihood they turn up again and come back here. For instance, I came in 1868 and went back in 1871 with the determination of never coming to America any more. I did not like the business much and I wished my time of probation was at an end. Being a bound apprentice there I was wishing that the year was out and the end would come so I could go back. When the time did come I was not long in packing up my traps and getting back to England. I tried for two years and three months to adapt myself to the country of my birth, but I could not do so. It was a failure. I came back to America and have stayed here since, perfectly satisfied.

Q. (By Mr. KENNEDY.) I would like to have you state what are the objects of your union as set forth in the constitution and by-laws, and what your union does for its members?—A. Our object is the fair maintenance of wages, uniformity of prices, fair dealings with the manufacturers and the fostering of the industry.

Q. Do you have any sick or death benefits?—A. No. There are strike benefits.

Q. What do you mean by strike benefits? Do you keep a fund on hand for use in the event of a strike?—A. Yes, or in case of individual strikes.

Q. May individuals strike without the consent of your union?—A. No. If a man has a dispute with his manufacturer over a new article, about prices, and if he fails to settle, he notifies the organization that there is about to be put on the jigger a new shape. He is allowed to give it a fair trial, and he states to the local organization that it is worth so much, and the members pass their opinions upon it. In most cases we believe the man to be right and tell him to ask for the price. If the manufacturer refuses, there is a committee appointed, and if the committee

can not settle the dispute it is put into the hands of the executive committee, and they will declare that bench struck. That member would be on strike and entitled to strike pay.

Q. All the rest of the union remain at work?—A. Yes.

Q. What would they do if the employer should attempt to fill his bench?—A. I do not know. We have never had a case of that kind.

Q. Have you had any general strikes?—A. Yes, but not on that question.

Q. What are the weekly or monthly dues?—A. Fifty cents a month.

Q. Then there is an extra assessment or dues for strike purposes?—A. Yes, whatever is necessary.

Q. Do you pretend to regulate the hours of your work by your union?—A. No; it is supposed a man will quit at 6 o'clock.

Q. After working how many hours?—A. Ten.

Q. You do not attempt to bring about a fixed day's work beyond which nobody shall work except for extra pay?—A. The machinery stops at 6, and he can not work after the machinery stops.

Q. How much short of that do you work?—A. There are some that work 8 hours.

Q. Are there ever exigencies of the trade that require more than 10 hours' work?—A. Not in our department. I never knew the jiggersmen to work after 6 o'clock.

Q. Is there any practice of paying overtime for holidays or overtime work?—A. Ours is piecework, no matter when it is made. Some potteries run the engine all the noon hour, and a man who is in anywise hoggish will work some part of his noon hour, though he does not get any more per piece or dozen than if he made them in some other hour. I never knew the trade to be so very brisk as to bring any pressure to bear on the jiggersmen to work overtime. I have known the manufacturers to ask, but they said they had enough when 6 o'clock arrived.

Q. Do you have any disputes with your employers that go to these different committees that you spoke of?—A. Oh, yes; you might call it a dispute or a disagreement where the man, in the boss's opinion, was asking too much.

Q. (By Mr. FARQUHAR.) You say East Liverpool went into white ware in 1877. That was immediately after the Philadelphia Centennial Exposition?—A. Yes.

Q. How long did East Liverpool use the new and unproved machinery before Trenton did?—A. I think it was 17 years—from 1877 until 1894. It did not become general until 1894.

Q. Did both the manufacturers and the operatives in Trenton stand for the old machinery during all that time?—A. There was some little improvement made in the factories, but the manufacturers did not seem to want to make the change, and the men did not have any say about it. When they put the new machinery in we did not make any kick. They had a perfect right to do as they pleased with their own property.

Q. Is it a fact that the introduction of new machinery in East Liverpool and other places in the West was the cause of their being able to work at a lower scale than you could in Trenton?—A. Yes.

Q. (By Mr. CLARKE.) Have you any statement you would like to make yourself?—A. No; I think not. The question of the tariff has been covered pretty thoroughly. There [indicating samples] is a sample of German goods. Germany is the greatest competitor we have to contend with, and that condition of affairs wants remedying. There is something wrong somewhere. Germany can dump goods into our cities, right at our doors, cheaper than we can produce them. We come to one conclusion, and that is that the duty is never paid on the German ware. While we have no absolute proof and could not make an affidavit, yet when we see the goods selling for less than the duty would amount to, it is evident. There are some pieces that I bought myself out of the 5 and 10 cent store on Saturday that can not be reproduced in this city at the price. There are at least two profits—that of the manufacturer and the middleman. Or if these people get them direct from the manufacturer there are two profits.

Q. (By Mr. FARQUHAR.) Are you well enough acquainted with the trade to say where the department stores and the 5 and 10 cent stores get their supplies?—A. From Germany, I am informed.

Q. Principally German ware?—A. Most of it is. One of our men, a good union man and who would scorn the accusation of working for less than the union price, went into the 5 and 10 cent store business, and he bought German goods, and is to-day selling them.

Q. (By Mr. CLARKE.) Do you know how the wages of the makers of these goods in Germany compare with the earnings here?—A. No; I could not get any statistics about the wage question in Germany.

Q. Is it your opinion that the present duties would be fairly protective if they were collected?—A. I think so. If they were fairly collected I believe the ad

valorem of 55 and 60 per cent duties would protect us. But they are not; and I think the law is not severe enough in its punishment of those that do tax stealing, not only off the Government, not only off the manufacturer, but off the workman and the tradesman. If the penalty was severe enough to be a terror to them, I think we could get on much better than we do. I would make the penalty a suspension from importing anything for 1 year; the second offense, a suspension for 3 years; the third offense, prohibiting the offender from importing any more. There would be a great deal more in the business than now, where they merely have to surrender the plunder.

Q. You think the preservation of the duties and the better collection of them is essential to the prosperity and continuance of the industry in this country?—A. I do; and a more rigid examination.

Q. Does that opinion prevail generally among the workingmen engaged in the industry here?—A. It does, very generally. Workingmen have been in our city who know about these things. The officials inform us that they have not the time. Out of probably fifty packages they would examine two or three, and only scantily at that would they examine. The fraud is a little toward the bottom, perhaps at the bottom of the package. We have men in our city who have assisted to pack goods in the old country and have helped to stuff the boxes with cutlery. We have one man who was a shipping agent in Staffordshire who shipped goods to South America, and he says they used to send a good many saw blades over there, a great deal of cutlery. No wonder we see a crockery dealer dealing in cutlery as a side line when he gets it direct along in the same package with his crockery. I believe it is an utter impossibility to build up an industry in bisque figures in this country just on that account. The bisque, or any kind of figure, practically comes in free of duty.

Q. (By Mr. FARQUHAR.) Your difficulty is a good deal in competing with the hand work of Europe?—A. No; they have machinery there now.

Q. There is a class of hand work done in Europe remarkably cheap that you can not compete with, is there not?—A. Well, very little is done. Even the jig-saw work in England is done by machinery, and is done by female labor. The change has driven the husband or the son entirely out of business into the coal mine, and has actually reduced their wages 50 per cent. It has been not only the cause of reducing the wages of the potter, but the cause of reducing those of the miner, where they were getting 8 shillings per day. It cut their wages right in two, and the potter was cut almost the same. Where he got 7 shillings a day, women and girls only get 4.

Q. After the Paris Exposition and the establishment of the textile schools in England, do you think the pottery trade advanced much in that country through these schools?—A. In the science it did, in the higher grade of goods, designers, decorators, and modelers. We have some workmen in our city now who went through those schools that never would have got the education if it had not been for those schools, and they command the highest wages in this city. We have some still smarter than those that could paint artistic work, but there is no practical call for that, and it is a slump on the market. When the classification of tariff rates was knocked down I think it somewhat hurt that kind of a man. For instance, all kinds of decoration now is 60 per cent ad valorem, and it does not give him a show, does not give him a chance to rest. Even the youth gets so high and then becomes stationary. When this country can command \$250 for a dinner set, even \$500, or \$1,000, then they will be of some use, this class of people will, to the community. We have just erected an art school to cost \$140,000. What is the use of a man sending his boy to learn this great art when there is no call for it. A neighbor of mine is a very smart man, who earned £8 a week in England; he could not demand more than \$20 in this city, scarcely that. There is not any call for his work.

Q. Don't the rich in this country buy more ware of that kind?—A. There exists to day a certain amount of prejudice against the American goods. The crockery dealers deceive the consumers even in this city, and tell them it is foreign product made in France.

Q. Do you know where the White House china is made?—A. I do; right in this city.

Q. (By Mr. LITCHMAN.) Now, go on with your illustration.—A. We have an article here made in this city that is supposed to be made in Limoges, and is sold in New York City as imported goods. Now, if the purchasers knew of this fact they would refuse to buy it for no other reason than they would say it was not as good as the Paris goods, yet it is just as good when they do not know.

Q. (By Mr. KENNEDY.) I would like to ask you if your organization enables the Trenton manufacturer to get better prices for the article from the trade through the dealer than if it was correctly stamped.

Mr. FARQUHAR. Yes. Does he share in the foreign fad?

A. No, sir; I do not believe he does. Now, this is only 1 single case. There are 5 competitors, I believe, 3 in Germany and 2 in Limoges.

Q. (By Mr. KENNEDY.) Do the operatives of that factory get any better wages than those who are making goods about which there is no deception?—A. I can not answer that question. I make those goods and I get 10 per cent more.

Mr. LITCHMAN. I am glad somebody joins in the benefit of it.

A. I get 10 per cent with a little privilege. That privilege amounts to 4 per cent. The total is 14 per cent.

Q. (By Mr. KENNEDY.) You are not endangering yourself by this statement?—A. No. We do not want Germany to have all. I asked my employer if I could bring down some articles and he reluctantly allowed me. You have our goods in Washington at the White House, and also at the Capitol, and we supply our Army and Navy. We do not do any advertising and there is no agent on the road. They advertise themselves.

Q. (By Mr. LITCHMAN.) Among these samples submitted here are some that have been made for the United States Revenue-Cutter Service?—A. The only ware on those boats will be supplied by a Trenton firm. That piece will be shipped off to-morrow, and, being in a hurry, I forgot 2 large plates we had there that gives a better chance of sampling the goods.

Q. This sample which I hold in my hand is a sample of what is called the under-glazed ware, and this you claim is as good quality as any similar goods made abroad?—A. Oh, yes, and much better, the foreigner not being able to produce this tint.

Q. (By Mr. CLARKE.) Has the art of glazing been perfected here so that the glaze is durable and does not craze?—A. Yes; after experimenting some years at great cost the point has been attained. That ware is guaranteed for 5 years not to craze, and I think that is about the length. I never met that shoemaker or tailor that guaranteed his clothing or shoes for 5 years, and it is long enough to guarantee any article. It will be too long. Watchmakers do not do it.

Q. Can the factories in this city produce as fine and delicate ware as the Haviland china made at Limoges?—A. As to the body of the article I would say, yes. When it comes to the finest delicate decoration I would say, no. The artist is not present to do it; there has not been any call for the work. The prejudice that I speak of being in existence has prevented. There have been some here, but they have all gone back, finding that there was no call for their class of work. The first stride, or greatest stride that ever the pottery manufacturer made, was after the exposition at Philadelphia—the centennial.

Q. As wealth increases in this country, and there are more people who desire fine china, is it your opinion that that china should be supplied by American potters, or imported?—A. By American potteries.

Q. How can that be done unless this taste or prejudice of the people can be catered to by first making the goods here and demonstrating that they can be made here and decorated here as well as anywhere else in the world?—A. That prejudice is somewhat dying out, but it exists yet and it will have to take its own course, but it will run itself out. When it becomes a fashion to have home production, then, I presume, the evil will be remedied; it is something that has to take its time. If there is anything that disgusts me it is to go into a store and have the proprietor tell me he is showing me a piece of cloth from England. I don't want it then. I think he takes me for a soft snap. It has probably been made in this country, and he thinks because I am an Englishman I prefer it over anything else; but I don't. I make it my business to buy that which is produced in America, and have done so for many years.

(Testimony closed.)

TRENTON, N. J., May 20, 1901.

TESTIMONY OF MR. JOHN A. O'NEILL,

Potter, Trenton, N. J.

The special subcommission of the Industrial Commission being in session in the assembly room of the statehouse, Mr. Clarke presiding, at 4.55 p. m., Mr. John A. O'Neill, potter, No. 39 East Hanover street, Trenton, N. J., appeared as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name and post-office address.—A. My name is John A. O'Neill, Trenton, N. J.

Q. (By Mr. LITCHMAN.) What is your trade?—A. I am a potter.

Q. For how many years?—A. Since 1869.

Q. You have had a general knowledge of the business from that time down to the present?—A. From the standpoint of the worker entirely.

Q. And you have represented the working men in bodies with which they were from time to time affiliated?—A. Always a member of my trade organization and an officer.

Q. Perhaps it may be better for you to in a general way and from your own knowledge give us some information in relation to the rise and progress of the pottery industry, and particularly the part that Trenton itself has taken in that rise in potteries, and anything in relation to the trade generally which occurs to you.—A. I did not come here to-day with any data or any idea of testifying before the commission, but as a party interested in the trade and to hear what might be said, and at the invitation of my old friend, Mr. Litchman, I volunteered to say anything which might be of assistance.

There have been various changes as to the prosperity of the working potters of the city of Trenton and of the country generally, and I have always supposed, as most men do, that there is a cause for everything. We have had several reductions in wages, and some increases, some revisions of prices, rather. I feel that it is necessary only to state that in 1891, and for some years previous to that time, the condition of the trade generally in all the branches was good. Our people were fairly well employed, and our rate of wages compared favorably with the wages of the skilled trades—with that of other skilled trades. I, like every good fellow in the business, felt proud I was a potter. I felt we were doing as well as the average skilled mechanic throughout the country, and conditions were generally prosperous up to 1893. At the beginning of 1893 a very disastrous and deplorable condition commenced. In the short space of 18 months we lived to see almost every pottery in the city of Trenton and in the country generally practically closed.

Q. You speak of pottery factories?—A. Yes; certainly; practically closed. The wage prices of general potteries are almost entirely for pieceworkers. The scale of wages in various branches was reduced, at least notices of reduction were posted and the causes given by the manufacturers which made it necessary for them to make great changes, and the result was a resistance. The men refused to accept the conditions, holding that while there was some excuse on the part of the employers for reducing wages, it was hardly fair. In fact, it was utterly impossible to live at the rate of pay offered. They concluded that they would just as leave starve to death on the streets as in the factories, and the consequence was they resisted as long as they could and finally were compelled to accept the reduction of wages, and as many as could find employment, or as there was employment for, rather, returned to the factories. The organization that they had for some years before was disrupted, and it was every fellow for himself practically.

Q. To what do you attribute this disaster that came on the trade?—A. A radical change in the tariff duty on pottery. I found our stores in this city, retail stores of the city of Trenton, ceased to handle American pottery any longer. I frequently made visits to Philadelphia and could not find any American goods on the tables. Our people could not manufacture goods in competition with goods put on the market under Wilson tariff rates. It was a hard thing to have to come to. I never missed an opportunity to "cuss" the protective tariff previous to that, and used to think there was a good deal of rot about it. I put my finger into the wound, like thousands of others. That condition of affairs existed in the potteries of the city of Trenton. The condition of the working potters throughout the country was certainly deplorable. Hundreds of men saw their children in want and in rags and the factories idle, and that condition of affairs continued for 4 years. That is the fact not only concerning the trade in this city, but concerning it throughout the country. The mistake made by our legislators was rectified in 4 years. After 4 years wages were restored, and the rates previous to 1892 prevailed in all branches; I think some are a little better, even.

Q. This was immediately following the establishment of the Dingley tariff?—A. Yes; in a very few months.

Q. It has been claimed that one way of meeting the so-called combinations or trusts that have a protective tariff in the industries is to remove the tariff on these industries. What do you think would be the effect of that course applied to the pottery industry?—A. I do not think that it would do any good. It would not tend to increase wages, not by any means.

Q. Who do you think would be the first to suffer by a reduction in the tariff on pottery?—A. The potter, undoubtedly.

Q. Do you think the potter could expect to retain the present rate of wages if the duty were lowered on pottery, or removed?—A. It would be absolutely impossible to continue the present rate of wages to the operative potter in this country if there was a uniform reduction made on the tariff rates now in vogue.

Q. You intimate that you did not always think this way. Has this change of mind come to you by experience?—A. I put my finger into the wound.

Q. During all these years you have been connected with your trade there were organizations, were there not, of the different branches?—A. Not always, but as a rule, yes. The first national organization of the operative potters was instituted in 1886. Previous to that time we had isolated organizations not working in harmony with one another. The East was working without any knowledge, practically, of the conditions, of the rate of wages paid or the rules governing the workshops in the West. The potters unified upon the fact that a national organization was necessary—not only beneficial, but necessary—and as a protection from this the West, working without any knowledge of the rate of wages or conditions that prevailed there, went it alone and we did here in the East; but we finally came together and decided to form a national body of operative potters, and under that national organization the condition of the workers was improved many ways. Wages were protected, in some instances advanced, and the organization practically fixed, in conference with the manufacturers, the rate of wages paid in the different branches.

Q. You were at the head of that organization?—A. For five years and a half. That organization was the only organization in our trade up to 1891 or 1892.

Q. What was the name of the organization?—A. It was called the Potters' National Union: it was affiliated with the Knights of Labor. It was a national trade district of the Knights of Labor, but it was firstly a Potters' National Union. We believed that they who would be free themselves must strike the blow, and that if the potters of this country expected to benefit by the conditions that existed in this country they would have to get together and think the way out for themselves. That organization, as I said, went to pieces in 1892. It was succeeded, I think, by the National Brotherhood, which had been in existence through the Ohio Valley and west of the Alleghenies for a short time previous to that. Representatives came East after trade got better and conditions improved, and prepared to get the people together in this city again, until a stumbling block arose in the matter of a uniform price list. There never had been a uniform price list throughout the country in the trade, and largely at the urging of the manufacturers, and by reason of the fact that it was only fair, an attempt was made to effect a uniform rate of wage. Some particular branches in this city disagreed with the scale of prices agreed upon by the manufacturers and the Brotherhood, and revolted, forming separate organizations.

Q. While you were at the head of the organization to which you refer, was there the same disparity of price in the East Liverpool district compared with Trenton, as has been spoken of here to-day?—A. Conditions were different. More machinery was used in this special branch than the gentleman who preceded me represented. The fact of the matter is that we Eastern people, to tell the truth, were not up to date in the construction and operation of our factories. That is the cold fact. We were in a rut. We were in the old English rut. More American ingenuity and up-to-date ideas prevailed in the Ohio Valley, and they outstripped us. Our old organization in the early eighties realized the importance of the Eastern pottery manufacturers, and men as well, getting together. We saw the competition that was rapidly arising from the Ohio Valley, and urged the adoption of the improved machinery in use there, and the modernizing of factories, in order that the same working list might prevail on both sides. A great many of the factories in this city were built in such a manner that it was practically impossible to give the same conveniences, the same facilities for the rapid turning out of the goods, that prevailed in the more modern factories throughout the Ohio Valley, and in view of that fact our work people in the East here felt that if the same rate of wages should prevail, the same conveniences should be given, and that where these conveniences existed there was no reason why the work people should not be considered in the settlement of the prices which prevailed in the old-fashioned factories, and it has been and is to-day a bone of contention between Eastern people and Western people. It is a Utopian idea, anyhow—this of uniformity of prices: shops and sizes are different in the different factories, and there are different methods of work, different styles of machinery used, etc.

Q. (By Mr. CLARKE.) Are both equally subjected to foreign competition?—A. Yes.

Q. (By Mr. LITCHMAN.) Are the conditions of employment the same as to State legislation in Ohio and in New Jersey?—A. Yes.

Q. The sanitary restrictions are the same in both cases?—A. Practically the same.

Q. And the hours of labor are the same?—A. The rules and hours of labor and wages generally, except some very little differences. The branch that has rep-

representatives here to-day comprises about 7 to 8 per cent of the workers in the factories.

Q. They are the skilled workers, are they not?—A. They are skilled workers, but they are not *the* skilled workers; there are other branches.

Q. (By Mr. CLARKE.) They represent the particular class of jiggermen and dish makers?—A. Yes.

Q. And a very large per cent of that class?—A. Yes; they represent all that branch, I suppose; but there are pressers, throwers, turners, handlers. We divide the trade into two departments, the clay department and the kiln department. In the clay department are those who work by the piece entirely.

Q. While you are on that topic will you just elaborate a little on the different classes of ware produced—the general sanitary and the larger ware?—A. In the first place, there is general ware. What is understood in the trade by general ware is toilet and table ware, the goods used upon the table and in the toilet. That is known in the trade as general ware. It is not necessarily china, vitrified china, or what we call semigranite, but various bodies are used, and general ware may either be plain white, or it may be decorated. Then, of course, there is the art goods and sanitary earthenware. I might say here that the most important branch of the pottery business in the city of Trenton is the sanitary ware.

Q. And that includes what?—A. That includes all sanitary earthenware, sanitary washout closets, urinals, wash-tubs, bath tubs, sinks, sanitary earthenware, plumbers' ware, sanitary ware generally. That is the most important branch of the pottery business in the city of Trenton to-day.

Q. Has that branch recently developed?—A. Entirely within the last 20 years, and it has made great strides in 10 years. We to-day outstrip the world in the production of sanitary earthenware, and that we do so is due largely to American patents, and not entirely due to the potter. Of course he has a share of it. There is a great future for the sanitary earthenware business.

Q. Can any comparison be made between the rate of wages of the help employed in the sanitary ware and those employed in the general ware? Which is the more profitable?—A. Most any of us would rather work in the sanitary factory.

Q. Is there more money to be earned?—A. There is more money to be earned there and the percentage of men is much greater.

Q. That must be because of the large pieces to be handled?—A. Yes.

Q. Nothing has been said here upon the waste by breakage. Can you give us any information upon that point, concerning imperfect ware caused by breakage in the burning?—A. There is not as much as there used to be; we know more about the business.

Q. Upon whom does that waste breakage fall?—A. The employers.

Q. Does not a portion of the loss fall upon the workmen by reason of the fact that they are not paid for imperfect work?—A. The loss to the clay worker is so small that it is hardly worth considering. We are held for nothing. We are required to turn out a perfect piece. Accidents will happen in handling, but they are small. We are paid for every piece that goes into the green room. Any loss by breakage or by material is stood by the manufacturer after that stage.

Q. I thought you were only paid by the ware that came out of the kiln?—A. That regulation prevails to some extent in the sanitary branch of the business, but the right to make the men the sufferers has never been conceded by the men and has never been required by the employers. A piece as large as a washout closet, a syphon closet, is quite complicated, and occasionally there will be one that will burst or crack in the kiln. Sometimes it is the fault of the fire, and sometimes of the elements, and all of that sort of thing, and where the employer can not demonstrate fairly that the loss is through bad workmanship the workman should not suffer.

Q. (By Mr. FARQUHAR.) I would like to inquire what organization you belong to now?—A. I do not belong to any.

Q. How do you classify yourself in the pottery business?—A. I have been out of the pottery business for some time. I am not working at the bench at present.

Q. Then you have not been a party to any of these later agreements?—A. No. I expect to go back to the bench very shortly and then I will consider it my duty to affiliate with my trade organization.

Q. (By Mr. KENNEDY.) The trade organization here in town?—A. There is none that I recognize as a trade organization.

Q. Are you a jiggerman?—A. No.

Q. Would you go into any of the organizations represented here to-day?—A. No.

Q. No organization in your particular branch of the trade?—A. Not in this city. I would join the Brotherhood if I went to the bench, even if I were all by myself.

Q. (By Mr. CLARKE.) Have you ever worked in this business in any other country?—A. No. I am an American. I have worked in different parts of this country.

Q. Have you ever been abroad to see the work in other countries?—A. No; I have not. I have worked side by side with men from all countries in the trade, and have heard from them the conditions and rates of wages that prevail there.

Q. (By Mr. KENNEDY.) You say you are a potter. I do not understand the distinction between a potter, a jiggerman, etc.—A. I have worked at nearly all the branches in the clay department in my time, and I only say I am a potter. I do not confine myself to any special branch. In the years that I was employed I worked at nearly all the branches and made nearly every class of ware.

Q. You have never worked on the jigger?—A. Yes.

Q. Suppose you went back to the trade and worked at the jigger, you would come in contact with the organization that exists here?—A. I do not think I would come into any conflict with them.

Q. You would join them?—A. No.

Q. Could you work in the establishment?—A. Yes.

Q. Are there men working in the establishments that do not belong to the organization?—A. I think so.

Q. (By Mr. FARQUHAR.) Do you know of any reason why there should be a uniform wage scale in the business?—A. Yes.

Q. What is it?—A. It is a protection to the manufacturer and the men against the inherent greed of their fellowmen. Any fair boss should be willing to pay as much as his neighbor pays, and no fair workman should require an employer to pay more than his competitor pays. In the pottery business, unfortunately for the manufacturer, the margin of profit is not sufficient to permit one manufacturer to pay much more wages than another or much more per piece for any given class of work; and I would not feel justified, if I were at the bench to-day, in asking my employer to pay more than his competitors pay.

Q. Possibly you misapprehend my question. I mean a national wage scale, not a Trenton wage scale.—A. I mean national.

Q. That is where the difficulty arose?—A. I might answer that in this way: I was born in the city of Trenton and went to Ohio on a freight train in 1877 in consequence of the strike we had here. I was always a little proud of the fact that I was a Jerseyman. After working there 10 years I was elected president of the National Operatives Organization and came back here. The headquarters of the organization were then in this city. That was the first national organization we had. One of my duties was to investigate the conditions that prevailed in the trade throughout the country. I found that men were making, for instance, that piece of work [indicating] in East Liverpool for 5½ cents a dozen, and here in Trenton they were paid 11 cents. The manufacturer in the East was paying 11 cents with 8 per cent off, and they were making them for 5½ cents in Ohio, and I could not see for the life of me how the manufacturers in Trenton could compete with the Ohio potteries. The manufacturers here had been complaining for some time of that condition of affairs; that they were handicapped; that the business was drifting West; that something had to be done. Our work people here were all efficient hand-tool workers, almost entirely on that class of work. They claimed it was out of the question to make as good a piece of work with a machine, with the pull down, as we call it, as with the hand tool, notwithstanding the fact that all the places, with the exception of Trenton, were doing it. Our people here stood in their own light for a good many years and succeeded in keeping the machine out. When I came here one of my first efforts was in the direction of having our people in this branch of the trade recognize this condition and prepare to accept the inevitable and use the machine, not only for the interests of the manufacturer but in their own interests, in order that the business should be continued here in this city. From that inception grew this uniform price list, which was argued and talked over by committee after committee. Committees from the East visited and went through the Western factories collecting data and statistics and comparing prices between sections. The manufacturers talked it over in their organizations, and the men in theirs. This resulted in the uniform list that has generally been accepted throughout the country, as I understand.

Q. Do you think there are any unions in this country, independent of the sliding scale and independent of national agreements, for 12 months or more, that have had the uniform scale of price since 1850? Can you name one union in this country that ever had a uniform scale?—A. I do not think there is one; I never heard of one.

Q. While an officer in that body were you in favor of conciliating or arbitrating your labor troubles?—A. Yes.

Q. Did you cooperate with the manufacturers in making up scales?—A. We were always glad to and always tried to have our differences settled by mutual conferences and concessions.

Q. Was there a conference after the long strike in this city and a scale agreed upon between the manufacturers and the operatives in 1877?—A. No; it was a case of "take it or starve," and I took a freight train.

Q. And after that you were entirely independent until 1886?—A. We had a few local organizations; that was all.

Q. Did you ever have a form of agreement from 1886 on to the dissolution of your Knights of Labor between the proprietors and yourselves?—A. No uniform agreement; the manufacturers had no national organization that had the courage or that would admit that they had any right to take up the wage question at all.

Q. Do you not know practically that there was considerable competition between the manufacturers in Trenton among themselves in those days from 1886 on?—A. Very much.

Q. Was not that the trouble and is not that the trouble to-day in forming a scale for workmen?—A. It is the cutthroat system that prevails among the manufacturers to a great extent; that is our trouble.

Q. (By Mr. KENNEDY.) I would like to ask a question about these two plates [indicating]. One of them is said to be made in France and the other in Trenton. I notice the design on the two plates is exactly the same. I would like to ask you who stole the design, the American or the Frenchman?—A. Well, that looks a little Frenchy; the decoration does not amount to much. The potter never looks at that; he looks at the ware.

Mr. MORGAN. I would answer that. The buyers of the French article wanted it underglazed. In France they could not produce it underglazed. Mr. ———, after some experimenting and the expenditure of lots of money, has discovered how it is done. They wanted the design exactly the same as the French one and that is why it was copied. That is something that was never accomplished before with the hard glaze.

Mr. LITCHMAN. As I understand it, the matter of the pattern is not what the samples were brought here to show, but simply the fact that in this country we can do something they can not do in France.

Mr. CLAYTON. I think it only right to say to the commission that the reason it is not produced in France underglazed is more because of the method of production than anything else. The French people give their work a considerable higher temperature in the gloss than in the bisque, and as a consequence underglazed decorating can not be done with the same degree of perfection that they can do it here.

Mr. CLARKE. Is there not more blistering in the kilns in this country than abroad?

Mr. CLAYTON. The blistering is not always caused by the temperature of the kilns. In many cases it is owing to the quick firing of the gloss kiln.

Mr. CLARKE. Then the purchaser is just as sure to get a smooth article in the American product as he is in the foreign product, is he not?

Mr. CLAYTON. Just as sure.

The WITNESS. If he goes to the right factories.

Q. (By Mr. LITCHMAN.) Is it not a fact that in everything except a few specialties in the fine artistic ware, the American potteries can produce as fine patterns as are produced in the potteries of the old countries?—A. (By witness.) I have seen as fine goods made in this country as I have seen from anywhere in high-grade goods. We can make them when the trade wants them. We have the best workmen in the world, and we know all about the business that they know over there.

Q. (By Mr. CLARKE.) Have you as good material as they have there?—A. We have not discovered it yet.

Q. You can import it from there if you need it?—A. Yes.

Q. In Limoges they import certain kinds of clay, do they not, from England and Germany?—A. Yes; I think the time is near when we will not have to import anything in our raw materials. I think we are using relatively less of imported material every year.

Q. Do you think of any legislation by the nation or State that would benefit the industry?—A. The only fear that I have for the future of the industry is legislation; if you will just let us alone now and stop legislating.

Q. (By Mr. LITCHMAN.) Please go a step further and say what kind of legislation you fear.—A. Tariff tinkering; just let the tariff alone.

Q. (By Mr. CLARKE.) You think if the present tariff is efficiently administered it will fairly and reasonably protect the industry and those engaged in it?—A. If

the manufacturers and the men organize. Organization is absolutely necessary in addition to a protective tariff. If the manufacturers continue the cutthroat system that has been going on it will need more tariff or a cheaper cost of production.

Q. (By Mr. KENNEDY.) Do you think they need a so-called trust in the industry?—A. I am not prepared to say whether they do or not.

Q. Is not that what would do away with this cutthroat competition?—A. Organization will; intelligent, conservative, protective organization on the part of the manufacturers will, in a great measure, prevent that thing.

Q. You know how the railroads are doing away with cutthroat competition and how it has been done away with in the steel industry?—A. I do not fear trusts.

Q. (By Mr. CLARKE.) Some people opposed to protection say it encourages loose, indefinite practices, slipshod methods, etc. What is your opinion about that as a skilled workingman?—A. I do not think it has anything at all to do with it. I used to believe that a protective tariff put the consumer at the mercy of the producer. I used to preach this: That the American manufacturer controlled the trade under a protective tariff and compelled the consumer to accept an inferior class of goods or do without. That was when I was younger than I am now, and experience has taught me differently. We need a protective tariff. The difference between the wages generally and the cost of production generally in the pottery business in Europe and in this country is very great, from the cellar to the garret, in all branches. They have a few skilled men employed, artists, in each of the leading factories in Europe who get big money. They point to those people as an example of what is paid there; but, take it all the way through, the wages are much below those paid here. The cost of living is much greater here; we eat more beef and potatoes.

(Testimony closed.)

NEW YORK, N. Y., May 21, 1901.

TESTIMONY OF MR. WILLIAM C. REDFIELD,

Treasurer J. H. Williams & Co.

The special subcommission met at the Fifth Avenue Hotel, New York City, at 10.37 a. m., Mr. Clarke presiding. At that time Mr. William C. Redfield was introduced as a witness, and being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you give your name and position?—A. William C. Redfield, treasurer of J. H. Williams & Co., Brooklyn, a corporation engaged in the manufacture of iron and steel forgings for machinery and tools.

Q. Have you a prepared statement to submit to the commission?—A. I have. The secretary of the commission, knowing that I was preparing a statement for publication in a technical magazine, desired me to submit that with such further documents as the commission might care to have filed with it; and I have brought with me this statement, together with a few pamphlets relating to the subjects treated therein, which I will leave with the commission, and also some figures bearing upon the questions referred to therein.

This statement is in brief a presentation of our practical experience of some 18 years in dealing with questions of industrial betterment and the relations between employees and employers. It has a direct bearing upon the present controversy as regards the 9-hour day. I have prepared also a statement of the results of my own study and experience of 10 months on the continent of Europe and Great Britain, conferring with merchants and manufacturers from every large European center. If it is your pleasure that I read this statement, I would be very glad to do so.

Mr. CLARKE. Please proceed.

The witness read the statement, which is as follows:

ONE METHOD OF FACTORY MANAGEMENT.

The following is submitted as a plain record of experience, not to support any theory, and in no spirit of either instruction or criticism. Should the methods outlined seem peculiar, let it be remembered that they are described with full recognition that what is wise in one place may be elsewhere unwise; that what one establishment can do another can not; that in each case practical details must be worked out according to existing conditions, and that the methods suggested below are only entitled to such consideration as their results may warrant.

It is recognized also that the following record is not singular or exceptional; indeed, it is hardly worth mentioning among greater achievements wrought out elsewhere. It may, however, have interest from the fact that the business is a highly specialized and a strictly competitive one, confining itself to one line of production and to but a limited portion of that line. It has also, possibly, some bearing on the question whether specialization necessarily injures the workingman, for in the works under consideration special apparatus is used as far as possible, and the factory will never be one where large masses of labor can be employed. Perhaps it is fair to say here that the working force is peculiarly small in proportion to output. The factory covers some 2 squares in the borough of Brooklyn, and the working force is about 250 men.

American workmen are self-respecting, giving in service fair value for their wages. Charity insults them, but they are entitled to be treated as fellow-men in a manly way. Therefore industrial betterment is not a matter of giving alms, but of doing justice. Nor is it so much a matter of what is done as of the spirit in which it is done. Baths and club houses with poor or unjust wages are mockery; frills without fair pay are vain, while just wages and a hearty hand shake are themselves industrial betterment. Nothing takes the place of just, "square" treatment. From this as a source much good and profit may flow; without this foundation all else is useless.

The course presented springs not from charity and no special claim is made to benevolent motives; on the contrary, the purpose is to operate as profitably as possible, under competitive conditions, an industrial establishment in the heart of one of the world's great commercial centers. Such opportunities as arise are taken as they come and are worked out to the best known advantage along the course thought to lead to permanent profit. Yet there lies before the writer—or there did when I wrote this—~~a~~ letter which came unsought and unexpected from one of the largest labor organizations in the country—the very one that is now leading the present strike—from which I quote:

"If all employers and their representatives were as well disposed toward their employees as the firm of J. H. Williams & Co., there would be little use for our organizations."

J. H. Williams & Co. is not a firm, but a corporation, and ~~can~~ therefore lay no just claim to possess a soul. It aims, however, to have a brain which leads it to ask if this single result is not desirable and profitable.

The facts, then, are practically as follows:

There is a mutual aid society in the works, established in May, 1896, supported and managed by the men, in which are two grades of membership; the first including those who pay weekly dues of 20 cents; the second those whose weekly dues are 10 cents. The former in case of accident or illness receive \$11 weekly, the latter \$6. These benefits continue for 6 weeks from the time of reporting illness. Thenceforward and for 20 more weeks one-half benefits are paid, no member receiving benefits for over 26 weeks in any one year. No member of the first grade receives benefits in excess of \$175, nor any member of the second grade of over \$96 in any one year, unless a death benefit is paid. In the event of the death of a member within 6 months after entering, \$50 is immediately paid to the person designated by him on joining; after 6 months \$100 is paid in case of death. The death benefits are the same for both grades. Whenever the funds of the association reach \$1,000 the dues of all members are reduced one-half until the funds shall fall below \$750, when full dues are resumed. At present writing there is nearly \$1,000 in the treasury. The association employs a physician under salary, who attends sick members and provides medicines without further charge. Should an employee leave who has been a member of the mutual aid 1 year without sick benefit, he is refunded one-half of his payments thereto. Practically all the working force are members of this society, which provides also something of entertainment through its annual spring picnic and winter ball.

Every room throughout the works is furnished with basins and sprays for washing and the usual plumbing, in addition to which there are 4 toilet rooms, with shower baths for hot and cold water. In the largest bathroom are 11 showers and a soapstone sink with wringer for washing clothing, and a warm room for drying it. A bathroom is placed in each department as conditions permit. Each contains an expanded metal locker for every man in the department, together with the best sanitary plumbing arrangements and a shower bath. This was, so far as the writer knows, the first industrial establishment in this country to establish shower baths as a regular feature of the factory; the first one was erected in June, 1893. Inspection of the lockers of these toilet rooms shows the good results of these arrangements. Many of the men wear their good clothing to the works, and change it there for their working clothes; quite generally they have provided bath towels for themselves.

Throughout the works sanitary conditions are required. Cuspidors are provided, and spitting on the floors or stairways is forbidden. Waste cans for both clean and

oily waste are furnished, both for cleanliness and to avoid the danger of fire. The machine-shop floors are weekly scrubbed with hot water and soda.

Some years ago a large machine shop was destroyed by fire; the next morning its ruins were surrounded by groups of workmen whose own tools had been destroyed without insurance or compensation. This was to some a considerable money loss and to some it meant much difficulty in taking up work elsewhere. From this incident arose the custom in the works of J. H. Williams & Co. of insuring the tools belonging to the workmen against loss by fire or water, without charge, the consideration being service in the works' fire department.

Protection against fire being of special importance, because the product of the factory is largely the raw material on which other manufacturers depend, and both owners and workmen having much at risk, many thousand of dollars have been spent on fire protective, restrictive, and extinguishing apparatus. The works' fire brigade has often, on drill, closed all doors and windows in the factory, covering 2 squares, manned 17 hose lines and numerous lesser apparatus, had 4 pumps ready, with full service steam and water pressure, in a minute and a half, and has then restored the apparatus to place and had the works running again in good order, with every man at his bench or machine, in 5 minutes from the time an unexpected alarm was given. The water supply is independent of the city, coming from wells under the factory yard.

Prizes have been offered for suggestions for improved methods, open to all in the works not on salary, by which arrangement foremen and office clerks were excluded. The prizes for suggestions received during a given 6 months were \$50, \$25, \$15, and \$10, respectively, and were awarded by a committee of the foremen, including the chief engineer. In the first period of 6 months several valuable suggestions were received and adopted; in the last 6 months a number of suggestions were made, but none of sufficient merit to take practical effect.

The following clause is posted in every room in the works: "Employees are requested to point out to their respective foremen the defective or dangerous condition of any machine or apparatus, and to make suggestions for the purpose of insuring safety in the operation of the works. Prompt and careful attention will be given to such suggestions." This is part of a series of regulations to prevent accidents. In every practicable way the machinery, elevators, etc., are protected by guards, that accident to the men may be avoided. In these respects the equipment is far beyond the requirements of the law. About 2 years ago the State factory inspector requested that he might be given the privilege of making these works an object lesson in this respect.

For the purpose of exhausting emery dust from the grinding room, a hood is fitted over each wheel and connected with a tube passing through the floor into a large main, through which it runs to a powerful fan situated high up under the adjoining forge roof. This draws the dust inward and downward from the grinding wheels into a large receiver, whose outlet projects beyond the forge roof. Because dust of any kind is thought detrimental to health and efficiency, the floors of the forge shops and similar departments are covered with iron plates, which promote cleanliness both for men and machines.

The problem of forge-shop ventilation is not an easy one and becomes serious in the excessive heat which prevails in our summers. A solution has been attempted by providing individual chimneys for the hoods over each fire to remove gas and hot air, and by furnishing ample window space and a double line of overhead fan lights at the top of the high-peaked roof of the forge building. In addition, clean, fresh air is drawn in by powerful fans, one an 80-inch exhaustor, through an inlet situated high above the roof, and is distributed thence through mains about each forge building, so that it descends above every workman's head through a flexible pipe under his control, assuring him an abundant supply of clean, pure, and comparatively cool air. In No. 1 forge, where 35 furnaces are burning constantly under forced blast, it is found that in hot weather, since this cooling system began, the men work steadily, the output is kept up, and the shop is not shut down as of old. In substance, this system of ventilation gives a temperature on a hot summer day at the spot where the men work, between their furnace and their hammer, practically the same as that of the shade out of doors. For example, at 2 p. m. of an August day, the outside shade temperature being 90°, the thermometer overhead, close under the fan-light ventilators at the top of No. 1 forge, at two points, registered 145° and 155°, respectively. At this place the automatic sprinklers have several times been set off by the heat from the furnaces below. At the same time the thermometer in the center of the forge on the floor was 115°, while under the blowpipes, where the men work, it was 100°, showing the coolest place in the building to be the spot near the furnaces where the men have to work, and that at this point the temperature exceeded but little the outdoor heat in the shade at the warmest part of the day. On another day the outside shade temperature being 78°, the thermometer where the men worked showed 85°. The temperature conditions in this forge shop, close to the fires, would seem to be more favorable than those which surround the

farm laborer working out doors in the sun, with the difference in favor of the forge man that he has always a fresh breeze under his own control.

In the summer months an abundant supply of carefully filtered water is provided for the forge workers. This is cooled by passing through large coils of galvanized pipe, around which ice is packed, thus making the water cold for drinking without letting the ice come in contact with it. The importance of this small provision for health, comfort, and efficiency will be realized by those familiar with the conditions existing in forge shops during the working hours in hot weather.

It is thought wise and profitable to make the works attractive to the eye by training vines over the exterior of the buildings both on the street side and in the interior yards. At this writing, under the direction of the chief engineer and one of the foremen, the circumference of a new yard is being planted with quick-growing vines and flowering plants. From this use of vines and from the grass plot which surrounds the main factory building on the outside, the shops have come to be known locally as "the factory with the vines," and they make a bright and pleasant break in what otherwise is a very dreary district.

A few months ago a small circulating library was installed for the working force, and developed from the start a strong demand from the men not only for books but for good ones. The library was loaned by the Brooklyn Public Library. It had been in place barely one month when a demand arose for its enlargement. Among the books that have been especially wanted are the works of Dickens, Victor Hugo, Mark Twain, and W. D. Howells, with others of the best modern fiction, together with standard works on engineering and chemistry. Experience shows a circulation equal to the use of half the books in the library monthly.

At the time of the reception tendered to Admiral Dewey on his return from the Philippines a stand was erected by the corporation on Riverside drive, New York, for the employees and their families. On this occasion a light lunch was provided for all the guests, and the event was not only pleasant, but is thought to have been profitable also. In the office of the works hangs a beautiful certificate presented by the workmen acknowledging this occasion.

Recurring now to the suggestions made at the beginning of this article, it should be clearly stated that all the foregoing amounts to nothing compared with the fact of just and fair treatment. This is the heart of the whole problem. In the establishment under consideration wages are usually advanced voluntarily, and not only has there never been a general demand for advanced pay but none of the workmen have ever had their wages reduced. Those who know factory conditions best will, however, think most of the fact that piecework rates have never been reduced. It is the fixed principle of the house that piecework rates shall not be cut, for it is not deemed either wise or just to cut them. Furthermore, the men working on the piecework basis are guaranteed their full day rate of pay. The point of view taken is that if on piecework a man by skill and energy increases his pay largely he is entitled to such increase, because his employer economizes on fuel, interest, and other important items. It is not thought fair if he thus profits and his employer as well to cut away his profits that the employer may gain more; indeed, this policy is thought shortsighted and unprofitable. In this industry repairs count largely, and a well-paid man so cares for his machine as to minimize the need for repairs, because he loses by the time taken for such repairs; nor will such a man waste much material, for often in this business he wastes his own valuable time when he wastes material. Justly paid men also save in the important items of imperfect work. Under the above system the men on piecework replace in their own time, and willingly, work that is bad through their fault and pay at cost for the materials and fuel used. Thus saving, as the employer does, in material, repairs, interest, fuel, and other ways, getting, in short, large advantage from the increased output, common justice to the workman demands that the piecework rate shall not be cut merely because he, too, profits well.

On January 2 last, after consultation with the leading workmen, notice was given that the works would, on March 1, be put on the basis of a 9-hour day with 10 hours pay, running 54 hours weekly for the wages theretofore paid for 60 hours. This concession, made voluntarily and unasked, was received cordially by the men, who have shown their appreciation by working closely up to the full 9 hours. Experience thus far has shown the 9-hour day to be profitable, for the output of the works is slightly larger than before. A comparison of a large number of orders executed on the 9-hour basis with the same number of orders for the same goods executed under similar conditions on the 10-hour basis shows a slight average gain in favor of the 9-hour day. There is a slightly larger average output for the 9-hour day than for the 10-hour day, though in every other respect the work was done under similar conditions. There is throughout an increased rate of hourly output and a total output somewhat larger for the shorter working time. These examples were taken from every part of the forging departments, and represent fairly all kinds of output, and both day work and piecework.

Some factory managers have criticised statements like the above to the effect that if the output is larger for the 9-hour day than before the former management must have been lax, and the men now working so well must, to some degree, have failed in their duty under the old conditions. If the growth of the business is not a sufficient answer to the suggestion of lax management, there is a further reply. Careful record has for years been kept of the daily product of every hammer in the forges, and from these records costs are figured to tenths of cents per piece, or even smaller fractions. These records cover not only each hammer but each man who has run that hammer, and all classes of work, and every article of each class for years past. On these records prices made on the factory output are based. The ability to compete with those in the same industry and with others using different processes, but producing competing goods, depends, and has always depended, upon the accuracy of these records. If former methods were lax they at least were such as promoted the steady growth of the business amid strictly competitive conditions, and, I might add, such as permit of the sale of its products in every seaport of importance on the globe.

The 9-hour day has been a gain and not a loss—demonstrably so where exact data can be had, satisfactorily so even where the full details can not be secured. This result is believed to depend in large degree upon the willing and helpful spirit that exists in the works, but it is not urged that similar results can be everywhere had, for the conditions elsewhere prevailing are necessarily unknown.

Will the principles suggested stand trial? How will they endure the shocks and accidents of business life? They have survived one panic, through which the working force was held together as a whole without reducing any man's pay, though the earnings of the establishment were barely legal interest on the investment. They have endured a strike in one department, some 8 years ago, caused by the mistakes of a subforeman. All the strikers are now in the company's employ, and it is hoped they will long so continue. The only man that left permanently on this occasion was the subforeman whose errors caused the trouble. They have stood the test of competition, for rivals in the same industry have grown from 6 to 30 or more, and sharp competition has always existed with several other and cheaper processes claiming to produce similar or equal results. Possibly as severe a test as any was the loss of a large and valuable business through the collapse of the industry from which it came.

The result of these varied trials has simply strengthened the belief in the wisdom and profitability for this particular establishment of the course above generally outlined. J. H. Williams & Co. believe that such success as has been obtained arises largely because and not in spite of the high and continuous wages paid to their working force, and recognize thoroughly the intelligence, efficiency, and, last but not least, the good will of that working force. While none can estimate exactly the difference in production in the same works between a force of men justly treated, earnest and zealous in their work, and a similar force working merely because they must live, the writer believes the difference between these two, under conditions otherwise similar, may be that between ruin and dividends.

Again, it should be said that the things above suggested are done not as charity, but as matters of justice, as privileges, and as sources of profit. The course thus far taken will be followed because it is both a pleasant and a profitable one. It pays because a man is more than a machine, and the policy which treats him as a machine ignores one of the greatest factors in production, viz, human nature. It pays because the rate of wages is not the chief factor in cost, but the rate of production. A clean man produces more in the long run than a dirty man. A well-informed man produces more than an ignorant man. A justly treated man produces more than an unjustly treated man. A contented man is a better and cheaper producer than a discontented man. A well-paid man is a more economic producer than an ill-paid man. It would often be well, when seeking to economize, to give less attention to the pay roll and more in other directions.

When speaking to other manufacturers of these things the comment has been made "our men would not appreciate" such ideas or arrangements. Possibly human nature differs in different places; certainly conditions do, and must everywhere. Yet it does not seem to the writer that there is any such broad difference between workmen as is implied in this remark. Nor yet does the atmosphere of a great city like New York seem one peculiarly favorable to the ideas above suggested. It is of course true that an atmosphere of suspicion often exists between the employers and employees, forming a chasm not always easily bridged, and it is of course also true that what is practicable in one establishment is elsewhere impossible. Yet it is hoped that the reader will feel that the practical experience above outlined affords some warrant for thinking that the principles stated, when applied with tact and patience, along the special lines applicable in each individual establishment, are not of doubtful efficiency.

THE WITNESS. I have prepared for the commission a statement of my experience abroad and the facts observed as an individual experience, coming from myself alone, and simply as a result of inquiry. It is very brief, and is addressed to the commission: (Reading.)

"In the course of 10 months spent during the year 1900 at the Paris Exposition, and in visiting the leading Continental and British commercial centers, during which time I had the pleasure of conversing with merchants and manufacturers from every European country, and of meeting a great many American manufacturers who were attempting to introduce their goods into Europe, I found it generally true that one of the serious obstacles to the introduction of American goods was our present fiscal policy. The representative of one of the largest manufacturing houses in Belgium, and a stockholder in the concern, said to me, in substance: 'We do not care how you raise your revenue; that is your affair, not ours. But we do object to your closing the door absolutely in our faces on the one hand and coming here and seeking business from us on the other; that is not just or fair.' This spirit was reflected in the conversation of many responsible men, and is, to some degree at least, the animus of the movements suggested in the public prints toward combinations in Europe against American products. Men said to me repeatedly, in substance: 'American manufacturers are too grasping; they are not content with the same conditions in foreign trade which they have in domestic trade. In the one, they consent to fair exchange; in the other, they want it all their own way.' Nor does the European always understand why, when large quantities of American goods are sold at prices below those at which he can buy them of his own local makers, it should be necessary rigidly to prohibit his selling anything to us. They suggest that this is not protection, but selfishness.

"Believing that in many lines the product of our American factories, run at full time, is greater than this country can continuously take, it seems to be true that it is, or will be, a question between getting and keeping export trade or shutting down; that, to an increasing degree, it is probable the American workman must depend for employment upon sales abroad. To get and keep this market, it seems to me essential that moderation in tariff matters should be the keynote of our policy. If all could unite on a fiscal policy which should be simply moderation, I believe one of the serious obstacles to a successful export trade in manufactured articles would be removed. Least it should be suggested that we are already doing such a trade, I would point out that the largest export trade we have done in manufactured goods in any single year is about one-quarter of that which Great Britain regularly does."

Q. (By Mr. CLARKE.) Who is this foreign manufacturer with whom you talked and that you quote?—A. A representative of Henri Pieper.

Q. Does that concern sell any goods in this country?—A. I believe they do sell. I have no knowledge of their business. They are to us simply a customer.

Q. Does your house export goods?—A. Yes; all over the world. We are selling goods in Birmingham in competition with Birmingham concerns.

Q. Did Mr. Pieper point out any prohibitions in our tariff?—A. No details. I have given you the substance of what he said.

Q. Can you point out any?—A. No; I don't pretend to be familiar with the details of the tariff further than to know the rate upon my own products, which is 45 per cent, and to say with the most entire frankness that that tariff is not at all necessary to the successful prosecution of our business, and that if it were reduced considerably we should never know the difference.

Q. Then the tariff does not raise the price of your product?—A. Yes, and no. It is a fact that we are selling in Europe, in Germany, and in Great Britain a certain class of goods which we think expensive for the United States market. It is a fact also, a fact known everywhere in manufacturing circles, that manufacturers sell their goods in Europe cheaper than they do at home. We do so to some degree.

Q. Do you know whether that is the practice of manufacturers in other countries or not?—A. I don't. I have no reason to know that.

Q. Have you ever seen it stated, or have your studies led you to investigate that aspect of the case?—A. Never.

Q. (By Mr. FARQUHAR.) In what line of manufacturing is Mr. Pieper engaged?—A. Guns.

Q. Do you know yourself when the first exclusion was made on guns by any tariff in the United States?—A. I do not know. I have given you simply his point of view. That is all I had to give you, and I found that opinion reflected in 50 places in talking with manufacturers and merchants in Great Britain, France, Belgium, Germany, and Denmark.

Q. Are you aware that the character of the imported gun from Belgium and elsewhere in Europe, as well as the imported cutlery, was of the lowest character and entirely shut out the American manufacturers in 1890, and that the McKinley bill

remedied that evil?—A. I am so told. I don't know of my own knowledge. I am told that the guns imported from Belgium are a very cheap gun. Yes; I think I may say I know that.

Q. Both cheap and dangerous, and, for the Americans, very often useless?—A. As regards the danger I have no knowledge further than that they are all tested guns by the official testing house in Liege.

Q. In looking over the report on the McKinley bill of 1890, have you ever noticed the fact that it was simply for the protection of the American manufacturer, to drive the cheap low article out of the American markets that the tariff was put on at that time?—A. I never observed that.

Q. Do you know of any other reasons why you should take it off now better than there were for putting it on in 1890?—A. No; I am not arguing the case for the Belgian; I am simply applying his point of view—to make this simply a case of an obstacle to be overcome in selling goods direct. I speak of it merely as stated. I do not father the point of view. I tried to suggest nothing outside of my own immediate knowledge, simply as a practical manufacturer and salesman in European markets and all over the world. I find that difficulty everywhere facing us, that feeling that the United States is unfair—generally unfair.

Q. In protecting its own manufacturers?—A. I do not say in what; simply unfair in its policy to the outside world.

Q. But you ought to define.—A. I make no charge. I simply speak to you of the feeling I find. I attempted to define it as well as I could. As to its accuracy, I make no statement. I am concerned simply with what as a producer and seller I find existing, and speak of it as such.

Q. (By Mr. CLARKE.) Is it your conclusion from that state of facts that if we sell more goods abroad we must permit foreigners to sell more here?—A. My conclusion from that state of facts is simply that which a business man would arrive at from meeting any serious obstacle to his business, namely, that he would look the facts coldly, calmly, and squarely in the face, being determined first of all to find out what were the facts, and that, secondly, he would then adapt himself to such a policy as would to the utmost of his ability remove the obstacle.

Q. Congress must necessarily do that?—A. Yes.

Q. What would you advise Congress to do?—A. To be moderate.

Q. What does that mean—reduce the duties?—A. I should prefer to leave it to others to make suggestions. It seems to me—it seems to a good many manufacturers whom I know—that the one prevailing necessity now is moderation, without regard as to whether the end of the policy be one thing or the other thing; that whatever its aim and purpose be it should be a moderate policy; that what we need to-day is to remove the prevailing impression from the people to whom we sell goods, if we are going to keep our factories running permanently full time, that we are unfair. I firmly believe that if you take two gentlemen, fully informed, of opposite political parties and put them down before this question and they calmly and coldly look at it, they could arrive without difficulty at a perfectly satisfactory conclusion.

Q. (By Mr. FARQUHAR.) Provided they were not politicians?—A. Provided they were not passionate, whether they were politicians or not.

Q. (By Mr. CLARKE.) Well, you know how tariffs are necessarily constructed?—A. I do know, unfortunately.

Q. (By Mr. FARQUHAR.) In your paper you said that the wages paid by Williams & Co. have been advanced voluntarily. Have you any contests in arranging wages between your employees and yourselves?—A. None whatever.

Q. Then it depends upon the corporation of J. H. Williams & Co. to change the wages up or down?—A. It must be the act of one of the officers—usually the superintendent or the foreman. Perhaps I ought to qualify that statement in this way: We think it economical and wise that our foreman shall be on the lookout to raise wages whenever one of the workmen by superior efficiency and economy earns an advance. I should feel a bit chagrined if a workman in my employ was earning more than he was receiving.

Q. Would you say that the work of a man is entirely gauged by the judgment of the foreman?—A. No.

Q. Who else could know his efficiency if the foreman does not?—A. The superintendent with us is the secretary of the corporation, and he knows. I am reminded of what Burke once said, that there is "nothing absolute anywhere;" but perhaps, again, I want to say one thing more. The great need, the biggest need a manufacturer has, and the most difficult need to supply is good men. It is not ever in office or factory a question of getting pay, but of getting men who can earn the pay. I do not mean that narrowly. Now, therefore, a wise superintendent is looking out always for able, bright men, if he be wise. It is his interest more than the man's interest to select the bright men, to give them all the chance he can. At least that is our point of view.

Q. Are the men engaged in your shops members of organized bodies of workmen?—A. I am sure I do not know; I never asked them.

Q. Is yours supposed to be an open shop for union men or all others?—A. I am sure I do not know that. We never ask any questions on that subject.

Q. How stable is employment in your shop?—A. We have men who have been with us over 15 years. I won't say many, because the works 15 years ago were small, but some of the men who started with us in 1882 are with us still. A number of the foremen in the works are stockholders in the corporation. A number of the leading clerks in the office are also stockholders.

Q. As the result of the strike 8 years ago, were all the old men taken back and the subforeman discharged?—A. Every man was taken back, without exception.

Q. How long did the strike last?—A. One week—one department 1 week.

Q. Was it a question of wages or of conduct?—A. Not at all. There never has been a question of wages in our factory since we started business. It was a question of the injudicious treatment by a subforeman of some of the workmen.

Q. Have you with you your scale of wages that are paid in your factory?—A. No; we have no scale of wages.

Q. Is not yours entirely piecework?—A. It is in many departments. In the die-making departments, where men make dies, you can not run piecework. The wages in our die-making department would run from \$2.75 to \$3.50 a day, depending on the experience and the length of employment of the men.

Q. Does this present machinists' strike which is common over the country affect you at present?—A. We conceded voluntarily, because we thought it was just, in January last, all that the men are asking now.

Q. You said something in your testimony about the advantage of your 9-hour system over the 10-hour system in the output of the factory. How much experience have you had in the difference between the 10 hours and the 9 hours?—A. The completion of the work in each case—the completion of the full run in each case.

Q. It was not altogether clear to the commission about what the real economy was, and how you were able to make a gain with 9 hours over the 10. Did the fact that in work at 9 hours your men had new rules of promptly going to work at a signal to start work, and quit exactly on the hour, so that you have no lost time, count for a good deal?—A. Of course we arranged that as far as possible. It would be impossible to arrange without cooperation of the men. The fundamental fact is the spirit of the men. To illustrate that, I heard last week for the first time in my life hammers running after the whistle blew. I wondered how many manufacturers had had that experience. In another shop which has recently given the 9-hour day to its men, one of the pattern makers said to a fellow-workman, and it came to the superintendent's ears, "I have been working all my life; I never got anything before unless I earned it, or fought for it. This is the first thing that ever was given to me. Don't you suppose I am enough of a man to give it back if I can." That is a workman's own statement. As to the spirit in which this concession would be received, we asked our men, in substance, "Will you cooperate? Will you agree, for example, that the work shall be started sharply at the opening hour? Will you agree that work shall continue up close to the closing hour?" We give them 5 minutes for washing up at the noon hour; we give them 15 minutes on Saturday for cleaning the machines. They replied that they would; they have done so. That is part of it, and the rest of it is what every man who has any manhood in him does; he appreciates being justly treated.

Q. You say you have 250 men?—A. About; yes.

Q. The half hour lost between 9½ and 10 hours, which has been thrown away from 10 hours' work, that is conserved now and brought into the 9-hour work. Is not that where you really made the saving?—A. Undoubtedly that is part of it, but it should not be said to be as much as a half an hour. I should not consider it a matter of over 20 minutes.

Q. What do you think of a drop-forging establishment which continues to work its men between 9 and 10 hours, compared to your plan?—A. I think you have struck a large part of it which is not commonly brought to the surface. A man can work normally at a higher rate of speed, without pushing himself, for 9 hours than 10 hours, of course.

Q. Isn't it a fact that it is a measurement of efficiency instead of a measurement of hours or other conditions?—A. That is a very just observation. The point is not for the establishment to seek the actual number of hours a man works any more than it should seek the actual number of hours I work. Nor is it a question of seeking the least you can pay him for the most you can get. It is a question of meeting the point where efficiency insures the highest product of the best class of goods, and the question of labor and the question of hours are distinctly subordinate, in our view.

Q. (By Mr. LITCHMAN.) Are your men at work now?—A. Yes.

Q. No cessation of work on account of the strike?—A. None whatever. We employ relatively few machinists.

Q. I understand you to say there has never been any question as to the right of your men to organize?—A. We have never raised the question one way or another.

Q. You do not know whether they are organized or not?—A. We do not know. We have here by-laws of our aid organization and other little pamphlets, which I can file with the commission; also the official notice of our 9-hour day, which may interest you, which was given to our men.

Q. (By Mr. KENNEDY.) I think at the beginning of our paper you read some commendation from an officer of the International Machinists' Union. Is that true?—A. Yes; the International Association of Machinists, I believe it is called.

Q. Was there any discussion between that officer and yourself in regard to matters in your establishment?—A. No. All that took place was this: They sent us the form or blank some 2 months ago, and we returned it, explaining that it did not concern us at all, merely for the reason that 2 months or so previously we had made the arrangements voluntarily, and this letter that I quote from is an acknowledgment of mine.

Q. Having such intimate knowledge of your establishment and the men in it, it seems to me that you would have some sort of knowledge as to whether they were or were not members of the machinists' union.—A. We have absolutely no knowledge on that subject. It is a question which I do not know about any more than you do, and it is a question which is never asked.

Q. You say you had previously complied with the demands which union men are now making upon the manufactures previous to that demand's going out?—A. Oh, yes.

Q. Well, was not one of the demands a certain rate per hour?—A. Not to my knowledge.

Q. Twenty-eight cents or 32 cents?—A. No; never to my knowledge. I have seen in the public prints that something of that kind has been done in some cities, but never to my knowledge here.

Q. Do you belong to the Metal Workers' Association?—A. No.

Q. (By Mr. FARQUHAR.) The Founders' Association?—A. Nothing of that kind. We have been invited to belong to the Metal Workers' Association. But our business is a peculiar one, a special one, and we did not think it was advisable to join. Some other manufacturers do not always take our point of view.

Q. (By Mr. KENNEDY.) I think these men in your employ are exceptionally well treated, but I would like to ask you if they have any voice at all in fixing the hours of work and wages?—A. They have that voice entirely almost. We should never think of fixing the hours of work for our workmen without consulting their wishes in the matter. Why should we?

Q. In regard to any differences that may occur between your men and your firm, do you consult with the men, or a committee, or individually?—A. We never had such differences as that except in the case of this one strike, so I could not answer that question. Those difficulties do not arise.

Q. The dues they pay for this beneficial association, are they fixed by the men or by the firm?—A. That is entirely run by the men. The only thing that the corporation has to do with that matter is to contribute a certain amount to the fund every year in cash, to guarantee the safe-keeping of its funds, and to have one of its officers serve without pay as the association's treasurer. That officer keeps conscientiously away from its meetings, and when his views are asked does not give them if he can avoid doing so. The whole responsibility is thrown on the men. We have no use whatever for industrial betterment imposed from on top, originating with the office; none whatever.

Q. I would like to ask you if there is any lathe work in your establishment?—A. A little; yes.

Q. Have the men working at the lathes turned out in 9 hours a product equal to that which was heretofore turned out in 10 hours?—A. I can not tell you that; I do not know. I will tell you all I do know on that point frankly. In the grinding department, which I suppose is the severest test, because it is one of the places where a man can start most rapidly and where he can work to the minute most closely, we have come within 1 per cent. Our superintendent told me last night within 1 per cent.

Q. I have heard manufacturers in Chicago say that it is ridiculous to say that on a lathe the same amount of work can be turned out in 8 or 9 hours as in 10 hours, because the machinery is run at a certain pace that can not be increased.—A. Does not that idea more or less associate the man with his machine and make him a part of it?

Q. (By Mr. LITCHMAN.) Are not machines to a large degree automatic?—A. Sometimes.

Q. In case of automatic machinery that would apply, would it not?—A. Except when machines are being set up.

Q. Well, if the machine is speeded?—A. And kept permanently fed. If you keep

in absolute condition. These conditions may be guaranteed somewhere; I never found them. If you can guarantee absolute conditions, that may be true.

Q. As a practical question, are there not machines that are automatic to the degree that it is a practical impossibility to produce as much in 9 hours as you can produce in 10 hours on that machine?—A. I suppose there might be.

Q. You have none such in your factories?—A. No.

Q. You have no machinery in your factory that does not require a large element of personal skill to produce the largest result in a given time?—A. Oh, yes. You are going too far the other way. You take milling machines, where boys run 5 or 6. The machine does the work; the boy sets it up. I am not prepared to say that we could in 9 hours produce as much as in 10 hours there. I do not know, and I shall not be positive. Yet I thought we could, and I rather expect we shall.

Q. Now, to what do you attribute that?—A. Human nature.

Q. That the boy can get more work out of 5 or 6 machines in 9 hours than in 10 by reason of his being able to work to his full capacity during the 9 hours when he is not able to during the 10 hours?—A. It does not seem to me that it is possible and, if you pardon me saying so, that it is wise to analyze those things down to the actual amount. My own judgment would be that human nature would work out that problem. If a man is justly treated and well paid he will do more, be a more economic producer, except where the conditions you have suggested to me make it impossible.

Q. But the testimony before this commission on the part of the employers is generally opposed to your contention. These men claim to be practical men; we admit you are a practical man in your business, and we would like to have your answer to the position taken by these employers?—A. No man ought to assume to speak for another business than his own. He goes outside of his own knowledge. I have not sufficient information to permit my doing so, but, running a business like ours, involving the use of assorted machines, lathes, planers, milling machines of all sorts, we are simply satisfied with the situation. We regard the reduction of hours as no loss whatever, and I know that to be the feeling of at least one other very large establishment in the city of Brooklyn that within a month has gone upon the 9-hour day. There are other striking examples of that kind in Great Britain.

Q. (By Mr. TOMPKINS.) What does that other establishment do?—A. It builds hoisting engines.

Q. (By Mr. LITCHMAN.) Do you know whether this other establishment works largely by the day or by the piece?—A. By the day, so I am told.

Q. Do you think there would be any difference in application of the principle where the work is done largely by the day or largely by the piece?—A. I should suppose it ought to work to less advantage by the day.

Q. (By Mr. TOMPKINS.) Would it work as well in a line of business that is old and in which competition has become severe as well as in a comparatively new establishment as yours is?—A. That question is outside of my own immediate sphere. All I can give you is opinion; but there is a sort of tradition in our factory that 6 months back is ancient history. An old factory ought to become new every 3 years or else go out of business. You can not argue from 50 years of factory experience. You can argue from about 3 years and let the 47 go. Our factory in many lines ought to have been and will have been in many lines renewed in 3 years. I tell you very frankly that some of the men who made these advances and concessions feel that some of the others hold a 25-cent piece so close to the eye as to hide a \$20-eagle piece a mile off.

Q. Are your products much protected by patents?—A. Only one or two, and those do not amount to over one-fourth or one-fifth of the output.

Q. Are the processes of manufacture protected by patent appliances?—A. Not at all.

Q. (By Mr. KENNEDY.) Would you have any objection to all employees of your establishment being members of the Machinists' Union if they so desired?—A. There are not many machinists with us regularly, although what we call a die sinker would, I believe, come under the official classification.

Q. Well, put it the other way. Would you object to all the employees of your establishment being members of a union if it was their desire to?—A. I don't know why we should, I am sure.

Q. If they were members of a union and desired to confer with you by committee in a statement of any dispute that might arise, would you as willingly confer with such a committee as you would with individual members in your employ?—A. I can not imagine why not. It is a case of the spirit again.

Q. (By Mr. FARQUHAR.) The question was put to you about the automatic condition of work on a machine, or what was called the equal speeding of it, as the question was put. Is it not the fact that you can change your speed on some lines of shafting for your machines?—A. Sometimes.

Q. Can't you change it by pulley?—A. Yes.

Q. Is not the pulley the gauge of all speed on your shaft?—A. Yes. The speed of the shaft, of course, controls the speed of your machines. They are dependent on the shaft.

Q. So in working piecework you can put a speedier pulley on for a man who is more adept in his work than ordinarily?—A. I suppose that could be done. It would not affect us. We do not work in our factory along those lines at all on piecework.

Q. That comes to the other question of putting in new machinery, which brings in a percentage always of greater efficiency in the output of your product. These men that are working at piece rates, do they get the advantage of the increased product turned out by new machinery, in wages?—A. Of course.

Q. (By Mr. LITCHMAN.) In putting in a new piece of machinery is it not speeded?—A. I think I understand you correctly. Suppose a hammer—I say a hammer because it is on the hammers that we do most of our piecework—suppose the hammer was speeded up, or suppose a new type of hammer came in, there would be no change in the piecework rate.

Q. So that the workman on account of the efficiency of the machine simply gains in the amount of output over and beyond what he did before?—A. That is right.

Q. When you hire men on time, simply by the day or week, would they have any advantage on new machinery at all unless it was voluntarily given on the part of the owner?—A. Directly, no; and yet it is the broad fact that in proportion as the machinery improves and the product improves wages rise and cost goes down. A Swedish competitor illustrates the statement I make, and it is about this. He runs 14 hours per day and pays his men, let us suppose, about \$2. So long as he does that we do not fear him, not a bit. When he runs 9 hours a day and pays his men \$4 he becomes dangerous. That is our business philosophy.

Q. Is it not a fact when you put in a machine it is speeded up to nearly its full capacity?—A. We try to of course speed the machine up to the point of economic production. No machine is ever run by a sensible man to its full limit.

Q. You would not run a boiler to its full horsepower capacity, I understand. If that is the case, and a reduction takes place in the number of hours' work by a hand paid by the piece, how can he expect to earn as much on a machine already speeded to its practical capacity if he has only 9 hours a day to work that man, in place of 10, as formerly?—A. That question might be paraphrased thus, I think: If a man's labor on a machine may be always considered 100, and 100 is the limit, and he works his 100, he can never do any more. I can't answer that question directly, because I can't tell you how, but as a matter of fact it is true in the experience of almost every manufacturer that I have ever known, that a man can and will and does do more the moment he is justly and fairly and liberally treated. Of course that sometimes arises from other conditions. I know of one establishment where piecework rates have been out eight times, and where the head of the establishment told me that they made just the same wages that they did on the first one. His point of view was that he had been swindled by his workmen, but my point of view was that he was an oppressor, and came pretty near being something worse. You all know, I presume, cases of factories—they are common enough—where men work at a certain fixed weekly wage year in and year out, because they know the moment they increase beyond that weekly wage the piece rate work will be cut down. The statement made by some laboring men that the piecework basis is unfair, because a man is oppressed by it when it is used to its utmost limits, to the point of ill health and injury, has some justification of fact. There is a recent publication of Mr. Jacob A. Riis which comes pretty near to my point of view. I can demonstrate perfectly well to my own satisfaction when I have a first-class superintendent and watchman to drive men hard to the limit and get out in 10 hours all they can, that they can get out more in that time than they can in 9 hours. I can demonstrate that mathematically, but it is not true in the practical application. I have known, on the contrary, a very large establishment to reduce its pay roll and waste more in its scrap heap than it saved.

Q. (By Mr. FARQUHAR.) I think you have not incorporated in your testimony the date which J. H. Williams & Co. became incorporated?—A. July 1, 1895. Before that time it was a partnership.

Q. How long is it since the business itself was first established?—A. 1882.

Q. That was the first start in the business, in Brooklyn?

Q. (By Mr. CLARKE.) Has the business been uniformly prosperous, or have there been years in which it has been better than in other years?—A. Very much worse in some years than others. As I said in my testimony, in the panic of 1893 we made about legal interest on our investment, almost exactly legal interest, as well as we could figure.

Q. Was that depression long continued?—A. It lasted from the middle of 1893 well on through 1894. Our business is peculiarly with other manufacturers. Two-thirds

of all our customers are manufacturers, and, of course, their depression was reflected.

Q. Was their business depressed a longer period than yours?—A. I should hardly be able to answer that question without referring directly to our own records on that point. I am speaking from memory when I say the depression lasted, as we recall it, something over a year and a half.

Q. Has your business been better since 1897 than it had ever been in any period of an equal length before?—A. Since 1897 we have lost a very large part of our business and recovered it through other directions. It has been a steady growth, with the exception of the year I speak of. It has been a steady growth since 1883 on, and therefore in the last 2 or 3 years it has done very well; not as well last year as in previous years.

Q. What proportion of your goods do you sell in this country?—A. Last year we sold about one-eighth of our product abroad. This year the foreign sale is larger. We are making only two lines which are sold exclusively abroad that we do not sell in this country at all.

Q. (By Mr. TOMPKINS.) What are they?—A. Tools for machines which are not used in this country.

Q. (By Mr. LITCHMAN.) Have you any competitor in this country?—A. Oh, my conscience! We have from 30 to 32 competitors.

Q. How near are they located to your works?—A. One of them was only 500 feet for some time. They are scattered all over the country; some in industrial districts in New England, others in New York, Pennsylvania, New Jersey, Ohio, Illinois; wherever iron and steel is readily available. All make drop forgings. Not all of them make all the lines we do. All are competitors with us in one line or another, and the largest of them along all our general lines are competitors. Each of them has one or two specialties, as we have.

Q. You do not know how far their method of conducting their business coincides with yours as to the 9-hour day?—A. I do not. I know I have received letters from several of them within the last few weeks, inquiring what our attitude was on that subject, and have told them. Some of them are very respectable, and some of them very high-toned concerns.

Q. (By Mr. CLARKE.) What proportion of your business is in your specialties?—A. Our business is divided about half and half between goods which are known as stock articles, carried in stock and catalogued, and goods which are made to special order. We should say, therefore, our specialties are about half of the business; but of this stock goods two-thirds are goods made in active competition with the other houses. On anything where we had what we should call a free hand, it would be only one-eighth, one-sixth, of the business, and even larger. We compete against people making the same articles.

Q. Are goods you export what you call specialties? Are they goods which come into contact with other producers?—A. They are both. We export nearly all our leading competitive specialties. Everywhere they meet, however, with competition of similar goods of this country and with goods made in Germany. We export our general lines and our special lines also.

Q. Two-thirds of one-half of the amount of your product comes into contact with similar establishments?—A. No, you misunderstand me. One-half of our entire product is absolutely competitive with that of every drop forgo concern. That is, all special work is absolutely competitive with the work of every concern in this country, and of the remaining one-half two-thirds is also competitive; one-half plus two-thirds—five-sixths.

Q. Then there is one-sixth that you have no competition on?—A. Even that is competitive against manufacturers, using different processes for producing what they claim to be the same results. There is not a single point in the business from one end to the other where there is not sharp competition to be always met.

Q. Has every concern raw material the same as yours?—A. As far as I know they have.

Q. Do I understand largely it is scrap material you use in your factory?—A. Oh, no; we buy bar steel chiefly, or billets—steel bars or billets.

Q. Do you use scrap in the material?—A. Not at all.

Q. What is your raw material; is it partially finished product, then?—A. Yes. We make the forgings which would be used in electric motors, guns, pistols, rifles, sewing machines, typewriters, and any light, quick-running machinery where quality and quantity are valuable.

Q. (By Mr. CLARKE.) Do you make more money on specialties than you make on your other goods?—A. That depends upon the specialty. On custom work it is variable. General and stock articles we regard as more profitable than a special article, for the reason that being made year after year we can economize as we can't do upon work which is custom made and made but once.

Q. Don't you make some of your specialties for stock, or are they all for customers?—A. The specialties, if I understand you correctly, are our catalogued goods, and are made for stock. We carry a large stock.

Q. Do you sell goods abroad lower than you sell them in this country?—A. That depends on the goods. Some few we do, and many we do not. As a matter of fact there have been some goods which we actually sold abroad at higher prices than at home.

Q. You simply meet the market?—A. We meet the market if we can—get the largest price we can for the market. We regard the export trade as a peculiarly desirable branch of the trade, because it is often the case that where one country is depressed another is not; that where a season business exists you can take advantage of it on the other side of the world while you are losing it here.

Q. Still your main business is at home?—A. Yes.

Q. (By Mr. KENNEDY.) Do you purchase materials from which you manufacture from any of the corporations which are now embraced in the United States Steel Corporation?—A. I believe not now. We have in times past purchased from some of those steel corporations, but at present I think we are not buying from any of them.

Q. I should like to ask you how you, as an intelligent manufacturer, view the present concentration which is going on in the iron and steel industry?—A. I think our attitude on combinations is best described by what we did with the question when it was brought face to face with us. We considered the matter carefully for a day, and then the promoter was told that he might go right ahead and get up his trust, and we would pay him a large fee to leave us out.

Q. Are you not affected at all either favorably or unfavorably by this combination?—A. I can't see that we are, now. What the future may hold I don't know.

Q. Do you buy your materials from manufacturers who are outside of the United States Steel Corporation?—A. At present.

Q. Can you say what part of the country they come from?—A. Pennsylvania.

Q. How would you be affected if all of the large manufacturers of iron and steel should be embraced in a great corporation?—A. That would depend entirely on what they did.

Q. Have you any fear that the process which has gone on so far will go on to the extent of embracing the manufactures of iron and steel in all its details, such as yours, for instance?—A. I have no fear of the whole process at all. I think it holds in itself the elements which will decide it to public advantage without regard to what any group of men, legislators or otherwise, can do. I am speaking entirely for myself now. It is a crucial point whether men can be permanently had who are capable of managing a business of that kind; men of genius must die. It is our experience that the utmost brains that a man can utilize are required to manage even a small business. It is a question in my mind, and not only in my mind, but in the minds of many practical manufacturers, whether it is mentally possible to continuously, permanently, and successfully manage work on such an enormous scale. It is not perhaps in the common knowledge that some 4 or 6 of these large combinations have already dissolved, but such is the case. The causes for their dissolution would be an interesting study.

Q. Do you know whether the prices which you pay for your raw material—I suppose you call the iron and steel you buy raw material—whether the prices of your raw material have been increased or decreased since this combination has been going on, first, the Federal Steel Company and the American Wire Company, and then finally, the United States Steel Company?—A. Yes; I could answer both ways to that question, and truthfully. The prices rose very sharply last year and fell off very sharply in the fall, very sharply indeed. They fell off much more than one-half and they have advanced somewhat since then. They are now ranging at figures much below the maximum of last year, but are approximately 50 per cent from the lowest figures of last year.

Q. Do you attribute these changes up and down in any way to the so-called trusts or to the matter of supply and demand?—A. It seems to me, and I only speak from casual observation, that the law of supply and demand has had chiefly to do with it. While I do not question that this large combination in part may have steadied prices, I do not wish to be misunderstood. I do not mean that it has raised them, but that it has kept them steady. It is of the greatest importance to other manufacturers and to the country at large that they should be steadied. One of the things which prevails here, and a difficulty we find in selling abroad, is the fluctuation in American prices, which is more sudden and much more rapid and exists to a much greater degree here than in Europe. It is and has been a source of difficulty and complaint and a great deal is gained in the steadying of figures.

(Testimony closed.)

NEW YORK, May 22, 1901.

TESTIMONY OF MR. FRANKLIN ALLEN,*Secretary, Silk Association of America, Broadway and Broome streets, New York City.*

The special subcommission met in rooms at the Fifth Avenue Hotel at 10.15 a. m., Mr. Clarke presiding. At 11.50 a. m. Mr. Franklin Allen, secretary of the Silk Association of America, was introduced as a witness, and, being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you kindly give the commission your name and post-office address, and official relation to the silk industry?—A. Franklin Allen, secretary of the Silk Association of America, Broadway and Broome streets, New York City.

Q. You also have charge of the census being taken at the present time in reference to silk?—A. Yes, for the silk manufacturers, I have. I am a certified public accountant of the State of New York.

Q. Please proceed in your own way to develop the salient features of this industry at the present time?—A. Yes. I would like to say that the silk industry, owing to your invitation, is represented here to-day by several gentlemen who represent the great progress that has been made in the industry from its earliest beginning. We had hoped to have the pleasure of the presence of the president of the Silk Association, Mr. Catholina Lambert, of Dexter, Lambert & Co., but he telephoned me this morning that he would be unable to be present, much to his regret, and he sends his best wishes to you on behalf of the association. We also expected to have with us this morning one of our ablest manufacturers, Col. Frank W. Cheney, of Cheney Brothers. He came down last night to the city for the express purpose of attending this conference, but much to his regret, and, of course, to ours, he was summoned home this morning on account of illness in his family, and was obliged to take an early train back to South Manchester, Conn.

Now, in order to open this subject, it occurred to me it would be wise to call your attention to the testimony of a gentleman, Mr. Jacques Huber, who, though foreign born, a Swiss, has achieved great prominence in the silk industry in the United States as a member of the firm of Schwarzenbach, Huber & Co. Mr. Huber has given a treatise on the silk industry in the United States, which was not prepared for this purpose, but was prepared for his partner, Mr. Schwarzenbach, who was a member of the international jury on silks in Paris last summer, and was called upon as a member of that jury to present a report to the Government of Switzerland respecting the silk industry of the world as represented at Paris. Therefore, this testimony which he gives can not be considered in any way as ex parte for the purpose of this commission, or as representing anything but the facts as he sees them as a manufacturer in America, conveyed to his partner for his own information as a manufacturer in Europe. Mr. Huber's treatise was incorporated by Mr. Schwarzenbach in his report to the Government of Switzerland.

Q. (By Mr. LITCHMAN.) Do you submit this as a portion of your testimony so that we can incorporate it?—A. I shall submit this as an exposition of the condition of the silk industry in the United States at the present time, and as furnishing abundant evidence of the causes of its development and progress and its present state, and it occurs to me that if I should just briefly call your attention to some things in this report it would perhaps introduce this subject and pave the way for the asking of those questions that some gentlemen of the subcommission may wish to ask.

The witness handed each member of the commission a copy of the Twenty-ninth Annual Report of the Silk Association of America, published March 26, 1901, and read the following, quoting from page 48 of the report:

THE SILK INDUSTRY OF THE UNITED STATES OF NORTH AMERICA.

[A treatise by Mr. Jacques Huber, in firm of Schwarzenbach, Huber & Co., New York.]

[Translation, from report to Government of Switzerland.]

American silks at Paris.—In speaking about the silk industry of the United States it is hardly necessary to mention that its representation at the Paris Exposition of 1900 can not be taken as its standard, nor can we even get any reliable points from this exhibit for judging correctly either of that industry's extension and importance at home or of its efficiency, many-sidedness, and prominence as a competitor of imported goods in the home market.

We will not go into details here why the American silk manufacturers were only represented by such a small number at the Paris Exposition. However, the principal reason for this seems to have been the knowledge that, in order to give an exhibit worthy and representative of the immensity, many-sidedness, and power of that

industry it would have involved the spending of a great deal of valuable time, causing no end of trouble and work. Moreover, the expenditure of money would have been large, without seeing any prospects of gaining new markets for their product or of extending those already in existence.

Seeing the American exhibit, it seems hard to believe that the silk industry of the United States, which, especially in piece goods, was only in its infancy less than two decades ago, ranks to-day as the first of the civilized countries in that industry in regard to the quantity of the manufactured raw material (silk). Only as to the selling value of the manufactured goods the United States is second, conceding the first place to France, which country, in its luxurious Lyons and Paris specialties—as church ornaments and chasubles, silk velvets, silk laces, novelties, etc.—still dominates without competition the world's market.

Reasons for the rapid development of the domestic industry.—As reasons for the rapid as well as powerful development of the United States silk industry, notwithstanding the competition of well-introduced imported goods and the splendid organization of the importers, and in spite of the mistrust which was felt by the consumers for a long time against the domestic goods, we find:

1. The natural capability of the American merchant and manufacturer, his common sense, enterprise, and self-confidence.
2. The capital which is always ready to support enterprise in this country in the form of extensive and liberal credits.
3. The support which is given all these undertakings by the people, by the city and State governments in form of tax privileges, donations of lots, putting up of mill buildings, and renting same at a low rate of interest. Even in some cases by subscribing a certain amount of the necessary working capital.
4. The intellectuality of the American technician, who, through his inventions of time-saving machinery, which are simply constructed and easy to handle, is, perhaps, unequalled. The operative also is moderate and his common sense makes him especially fit for the manufacturing business.

5. The easy intercourse between manufacturer and dealer which enables the first to get fully and promptly acquainted with the needs and wants of the latter.

The domestic industry in its earlier stages.—It is beyond a doubt that the silk industry, which was new and had to overcome great difficulties, had to get accustomed to many peculiarities of inhabitants and localities. To procure labor it was necessary to make work as comfortable as possible and wages had to be lucrative. These and other conditions caused the pioneers of the silk industry abundant trouble and worry. The beginning of that industry in the United States dates back to the years 1825-1830, at which time the first meek trials were made in manufacturing trimmings (braids, fringes, etc.). In the following decade, 1830-1840, experiments of that sort were more frequent. In this period falls also the founding of the firm of Cheney Brothers, South Manchester, Conn. That concern enjoys to-day a world-wide reputation and is very successful. The firm of Cheney Brothers, which, notwithstanding the trials and hardships of business through which the early silk industry of the United States had to go, is perhaps the only one of the earliest period still doing business, and is prosperous and dominant in its specialties.

The heavy immigration during the years 1840-1850, which brought to the United States a large number of English manufacturers, laborers, weavers, etc., was a great support to the industry. During this period the first start was made at Paterson, N. J. (1839). Before this the whole industry was confined entirely to the State of Connecticut. The crises of the next decade, 1850-1860, which were so disastrous to finances, to commerce and industries, and which carried to its ruin many a promising commercial and industrial enterprise, were also disastrous to the young and rising silk industry and it barely escaped total annihilation.

The civil war period.—At the beginning of the next 10 years the civil war broke out. To carry on this war new funds had to be provided for the Government and a new and high tariff was then introduced, which, in the course of years, was reconstructed into a protective tariff. This new measure brought the silk industry to life again.

However, the years of activity which followed the war offered so many opportunities to capital and enterprise in different lines of business as to direct attention toward a textile industry which had to rely on foreign markets not only for its raw material but especially for its skilled labor. These conditions were largely the cause that, even in the 10 years of prosperity, 1870-1880, the domestic industry could only to a very small degree satisfy the demands of the home market. The dealers in fabrics therefore had to continue to rely on foreign markets, although duty on imported silks was then 60 per cent. Up to that time the home industry was confined mostly to the manufacture of ribbons, trimmings, and a few other specialties. Dress silks and linings, generally known as "broad silks," were only made by a few manufacturers, and in a very limited way. It might be interesting to note at this stage that the production of the United States silk industry was, at the beginning of the seventies, notwithstanding the then prevailing high prices, hardly above

\$5,000,000 in silk weaving, while to-day the production of all kinds of goods represents the respectable figure of \$80,000,000.

As soon as the ribbon manufacture grew stronger and was in a position to dominate the home market, the larger ribbon manufacturers began to show more interest and give their attention to the manufacturing of "broad silks."

Betterment of processes.—Numerous and better help, learning rapidly through experience, improved the manufacturing methods, and particularly the progress that was made in the course of years in various existing side industries, as the throwing, dyeing, and finishing of the silk, and especially the improvement in power looms—all these circumstances were instrumental in smoothing the way for the manufacturing of piece goods and brought that branch of the industry to a sudden and even phenomenal rise.

If we consider the fact that at the close of the seventies and beginning of the eighties American dress silks and linings were, in their own market, beheld and looked upon as curios, and at the same time recall to our minds that there are to-day in this market manufacturers who turn out, in those articles, over 100,000 pieces of 60 yards each per year, and of these more than half taffetas weaves, these facts illustrate, more than anything else that could be said, the rapid development and growth of the American broad-silk industry. In consequence, the export of European markets to the United States was decreasing considerably.

With this exceedingly rapid growth of production, the practical organization for the sale of the goods, which naturally was confined to the United States, could, however, not keep up. Herein is found the reason why disturbances in business, which arise from time to time through various causes, are always disastrous to the silk industry and often deprives it suddenly of the fruits of lifelong strife and labor.

Spread of the industry.—The silk industry is to-day at home in, say, 20 States of the Union. First in line is the State of New Jersey, with nearly 300 concerns; New York, with, say, 250 concerns, is second; third, Pennsylvania, with about 200, and as the fourth, Connecticut, the birthplace of the industry. New Jersey alone has about 150 mills, which employ over 25,000 operatives.

The number of power looms for "broad silks" in the silk mills of the United States can be estimated at 30,000. Of course it is to be understood that these looms are not running altogether at the same time. Hand looms are not in use. The ribbon looms, which are still more irregular than the broad silk looms in being kept running, can be estimated at 7,000.

The import of raw silk into the United States last year came up to the formidable figure of 5,000,000 kilos, which represent a value of say \$14,500,000. Statistics giving the number of operatives, invested capital, etc., can not be had, but the census taking, which is now progressing in the United States, will furnish the details, which will be published as soon as completed.

The previous remarks pertain rather to the general nature of the silk industry, and it seems well to give now some details about the mill and its methods of operation and manufacture (especially as to "broad silks").

Handlooms practically unknown.—(Once again let it be understood that the United States never were well acquainted with the use of the handloom, and therefore its manufacturers could not derive any benefit from experience in that branch, and their manufacturing methods may sometimes seem inexplicable therefore to European manufacturers. But, considering the many-sidedness of the American silk mills, their great production, and the characteristics of the manufacturers themselves, whose knowledge in most cases extends not only to the mill but to all branches and side industries connected with the manufacture of silk, such as throwing, weaving, etc., it can not be denied that as a rule they possess a thorough understanding of their trade and industry.

Raw material.—Like Europe, the United States get most of their raw material, mostly silk, from Japan, China, and Italy. Numerous trials to transplant the raising of silk to American soil have failed.

In 1899 the import of raw silk to the United States shows the following figures:

Country.	Bales.	Values.
Japan.....	27, 283	\$10, 919, 372
Hongkong.....	11, 834	3, 387, 396
Shanghai.....	16, 937	8, 519, 334
Europe.....	11, 113	10, 496, 985

Fabrics in the gray (piece dyed).—In consequence of the increasing manufacture of raw weaves the raw silk of Europe has lately been favored to some extent. Also the import of schappe has gained considerably. With 1,727,000 pounds for the year 1899 (value, without duty, say \$2,000,000), the import was nearly double that of 1898, and the current year will surely show an increase over 1899.

The quantity of cotton (for linings) and wool (for dress silks) used by the silk industry for manufacturing can not exactly be estimated as mostly domestic-spun yarns are used, and true statistics of all these branches of business will only be had after the completion of the census taking. It must be remarked that lately the manufacturers have busied themselves with the manufacture of silk and cotton and silk and wool weaves, and under the protection of the high tariff have made quite a success of it.

Silk grège (not thrown) is free from duty, while on *schappe* there is a combination duty of weight and value, equaling, say, 35 to 40 per cent ad valorem.

Silk grège is sold in original packages according to the original weight bulletin of the seller. Conditioned weight is to most of the manufacturers an unknown term; it is only used by a comparatively small number of manufacturers. However, in this direction progress was made during the last few years, especially through the efforts of the "silk association."

Coarse sizes the rule in America.—As a rule the American broad-silk manufacturer uses only best quality of raw material, and generally only coarse sizes, and in this he differs greatly from his European colleague. His aim, besides perfection in his goods and small waste of materials, is the attaining of the best possible results from his loom in yardage, which is advantageous to him as a high yardage will reduce his average of wages and general expenses. Low grades and fine sizes, as $4\frac{1}{2}$ or even $4\frac{1}{4}$ deniers are therefore not much used by the broad-silk manufacturers.

While formerly the demand of raw silk was covered in *grège*, which was thrown for own account, the smaller manufacturers have in the last few years started to buy *ouvries* (thrown silk, organzine, and tram). But as these *ouvries* are weighted in throwing with soap and oil, and silk is not sold here according to conditioned but actual weight, the manufacturers pay therefore too much for weight. However, this disadvantage is made good by the fact that they don't have to keep a large stock on hand and can wait longer in covering their demand, which, with their limited funds, is preferable.

A very curious fact is that a large number of manufacturers, who operate from 50 to 200 looms, and even more, keep in stock only one or at the most two qualities of silk for manufacturing, and that the "Pröbeln" (sizing) is only practiced by a few. Most of them prefer to save themselves that trouble and to buy according to the meager reports of "sale bulletins," which, however, especially in quotations of Asiatic silk, are very often not reliable.

The mill.—The usage of coarse sizes for gaining increased production without increasing the cost, and the freaks of the American fashion, which are the cause of the mills' many-sidedness, have brought about conditions in the silk manufacture of America which, in comparison with existing conditions in Europe, are worth while mentioning, and we will now state briefly where, according to our opinion, a difference is to be found.

Silk throwing.—The formerly so lucrative business of commission throwing has been dwindling down more and more, a good many manufacturers now having their own throwing plants. The reason for this is not so much the saving in cost—competition having already reduced throwing prices to a minimum—but in the absolute necessity for the manufacturer to make quick deliveries to be able to make changes on shortest notice which may be necessary from one minute to another, and to be able to examine his silks thoroughly. The number of commission throwsters has been greatly reduced—and their profits, too.

The continually advancing wages in New Jersey have driven the throwing plants into more distant parts of the country, principally into Pennsylvania, where with cheap coal (\$1.10 per ton when market is normal) and in midst of a rural population anxious for work, it has taken firm root. From there, notwithstanding distances of several hundred miles which separate the throwing from the weaving centers in New Jersey, tram is delivered at the weaving mill in 3 days, organzine in 5 days.

American throwing is done principally on belt spinners which are run 11,000 to 12,000 turns a minute on first time over, and 9,000 turns second time over. Machines and organization are second to none.

Silk dyeing.—Quick deliveries is a principal point in this branch of the silk industry. The dyer can deliver uncharged silk in 2 days, black and colored organzine and tram weighted 70 to 80 per cent in 5 to 6, and heavy charged silk in 8 to 14 days. In special cases shorter deliveries can be arranged. It is not to be lost sight of that the work done is perfectly satisfactory.

Furthermore, some excellent special dyes for umbrella silks and linings for men's wear deserve to be mentioned.

As to charging, more careful methods are employed in comparison with Europe. The manufacturer is always trying to increase his production, the operative strives to earn money, and the consumer wants perfect goods. In consequence zinc and iron are not being used over-abundantly.

Numerous foreigners find employment in this branch of the silk industry as chemists and technicians, and the largest establishment in the United States and also one of the most important in the world, is managed by a Swiss gentleman, Mr. Jacob Weidmann. With a force of 900 laborers he is able to turn out daily and ship to the manufacturers 2,000 kilos black and 1,500 kilos colored.

Winding, warping, and weaving.—Great production and many-sidedness is the ideal of the American manufacturer; the operative tries to do his best, and is always willing to do what is asked of him; practical division of work, and work by contract; time-saving machinery and working methods; all these are employed to bring about better results. This may be the case with all industries of all countries, but in no other country do they live up to that principle as much as in America.

As an illustration we will mention that even beaming and harnessmaking is done by contract work. The division of labor is shown by the fact that doubling and quilling are separate operations; that twisting and drawing in is not done on the loom; that beaming is done by special operatives, and that special help is provided for all unusual work.

As to labor-saving machinery we only mention here the harness-making machines which make 1,500 English or 1,000 French heddles per hour, and where 1 boy is able to tend to 2 or 3 machines; the piece folding machine, twisting machine, multipliers for designs on looms, etc., which are in general use.

Style and fashion.—The American manufacturer has to devote a good deal of his time to the study of style and fashions. These points are very important to him, as most of his goods are fancies and naturally decrease in value if not in style. This makes necessary the versatility of the mill, which, of course, does not simplify the management, but opens a large field of activity to an enterprising and industrious manufacturer. And, in fact, it is astonishing to an impartial observer to note the facility with which the American mill changes from light to heavy, from simple to complicated, from plain to faconné goods, and from yarn to piece-dyed weaves. One involuntarily will put the question, how does the American manufacturer ever accomplish it? For this success he is indebted in the first place to his energy, which seems to make impossibilities possible. Furthermore, conditions of business are in his favor. He is not bound by any contracts, and can make changes in his working force to suit himself. Besides, the loom builder is always ready to work out any ideas of his relating to the improvement of a loom.

Machinery equipment.—At last a factor not to be left unnoticed is the world renowned simplicity of American machinery, which enables a simple weaver to do work, which in other countries can only be done by the most skilled and experienced. Of the many loom systems which are in use in the United States those built by the Crompton & Knowles Loom Works, Worcester, Mass., are especially worthy of mention. This concern, undoubtedly one of the largest in the world, makes besides wool and cotton looms, silk looms from the simplest plain loom with indirect take-up motion up to the seven shuttle-box loom with pattern chain and multiplier, and from the fast working loom for piece-dyed goods up to the Jacquard swivel loom for the multi-colored swivel. A collection of 30 different types, each of which can be seen in motion on calling there, gives a fair proof of the capability of that establishment.

Numerous other concerns which put in the market looms, preparing machines, Jacquard machines, dobbies, need not fear a comparison with the best machinery manufactured in Europe. Their products are very cheap, and the imported looms (Swiss) are no longer much in demand.

The French loom (with hanging batten) has attained great perfection, and with dobby, for medium and very heavy weaves, as Duchesse, Armure, Paillefrançaise, gives much satisfaction and is generally used. But as low-priced goods are now very much more in demand that loom has certainly lost its importance.

Finishing, piece dyeing, and printing.—Even as every large mill does its own throwing a management that desires to make prompt and quick deliveries must have its own finishing department. The question of saving expenses is with both these branches not essential, and just as the commission prices in throwing, through strong competition, are brought down to a very small margin of profit, so it is in the finishing. These finishing departments are not a source of profit to the manufacturer, but in many cases a sacrifice of money. But it is to the manufacturer's advantage if he can finish his goods as soon as they come off the loom in order to make quick deliveries. With his own finishing departments the manufacturer is able to ship goods to the consumer within 2 days after they come off the looms. The most important silk-finishing establishment in the United States is that of Boettger & Hinze, New York. In this branch of business experienced men are always wanted and well paid. An experienced finisher, who is able to manage a finishing department earns from \$30 to \$50 per week.

Of recent development are the piece-dyeing and printing branches, which started early in the nineties and increased rapidly with the Dingley tariff, and to-day they dye and print not only the large quantities of domestic raw goods but also quite some of the imported goods.

The largest houses in the piece-dyeing business are the "Alexander Dye Works" in Lodi, N. J., and the "Boettger Piece Dye Works," whose force of employees is 400 and 300 respectively, and they are kept busy trying to keep up with their orders. The printing works only work from November to April full force in consequence of their orders in foulards for the spring business, and for that reason are suffering from unsteadiness of their help. Nevertheless, their workmanship is all right, and even in warp prints, cylinder printing against copper-plate printing (hand work in Europe), they achieve good results. Among the manufacturers only Cheney Brothers, South Manchester, Conn., operate their own piece-dyeing and printing departments. They are splendidly equipped for all genres, and their products rank among the best in the American market.

Mill products and manufacturing methods.—The American mill has, during the last 10 years, manufactured every weave, article, and quality which are known to mechanical weaving, or which, through alterations on machinery or simplification in manufacturing, could be put in reach of power-loom weaving. The mill of to-day produces, with the only exception of a few Lyons specialties, which for different reasons are not suitable for mechanical weaving, every style which the silk industry brings into the market, viz:

All silk goods and silk and wool and silk and cotton and silk and schappe.

Warp prints of all descriptions and piece-dyed and printed goods in great variety.

Plain silks of all weaves, "fancies" from the simplest to the most complicated styles, and jacquards, brochés, etc.

Light-weight goods, as chiffons, mouselines, marcelines, and the heaviest curtain and upholstery silks.

All the products of the various mills and the great variety in dress silks, linings, trimmings, goods for the cloak, necktie and millinery trade, silks for the manufacture of silk waists, skirts, umbrellas, and parasols, all these give a most convincing testimony of the many-sidedness of the American mill. That it has in a comparatively short space of time achieved such good results is indebted to the enterprise and intelligence of its leading men, who readily try and experiment regardless of trouble and expense, even if there is only small hope of success.

To the clerk and workman is given a certain independence, freedom of action, and no restraint put upon his enterprise. Fulfillment of his duty is all that is required. That such a system improves the working methods and produces better results is evident.

Selling organization and conditions of sales.—Notwithstanding the favorable conditions, the great productiveness of the mills, and the large sale of its products, the American silk industry does not enjoy the desired prosperity, and its representatives are not in an enviable position. Insufficient working capital, impractical and insufficient organization for the sale of goods are to account for these conditions.

It is generally known that the American silk manufacturers are not composed of capitalists, and their enterprise has often urged them to take advantage of credits to build up their business instead of using their own funds. Naturally, they suffer in consequence in case of irregularities and depression of business, which occurrence is quite common in a young and uprising country and under a high protective tariff.

Moreover, the American manufacturer with few exceptions puts his whole energy to the improvement of his manufacturing methods and increase of production as regards both quantity and quality. The study of the condition of the selling market he neglects and depends herein largely on his commission house or selling agents, whose interests do not always correspond with his own. In many cases he is wholly dependent upon them for advances given him on his stock, for bonds, and guarantees, which deprives him of the advantages of independent action. This poor state of affairs as between production and sale and between manufacturer and selling agents is increased by the fact that the latter does not know much about manufacturing, and the manufacturer as a rule is not up to the requirements and needs of the market.

If we consider that the American manufacturers, numbering a few hundred, are principally dependent upon the New York market for the sale of their product, where they almost daily meet each other at the customer's, who in their arguments are not always serious nor discreet, it is easily to be understood that sales and orders not only often are forced at the expense of prices, but also that often orders are taken which, by their nature and form, are binding on the manufacturer only, often without his being aware of this fact.

This latter fact had very grave consequences for the American industry during the late period of advance and decline. When taking their orders in the spring manufacturers had to cover in raw silk at highest prices, and when bad business in

the fall brought a good many cancellations, goods had to be slaughtered 20, 30, or more per cent below order prices.

The prices which ought to be fixed according to cost of production are, however, through the peculiar conditions of the American silk market, mostly regulated through competition. Moreover, even under favorable conditions, staple articles are sold at too small a profit to insure against losses of a poor season.

The export and sale of their goods to foreign markets are, under normal conditions, not to be expected at present, as expenses of production and wages are yet too high. Of course, should it ever happen that a crisis in the silk market at home should be coincident with favorable conditions of foreign markets, then it might be preferable to sacrifice the goods in foreign markets in order to keep up the prices at home.

Let us mention here that about 2 years ago the forming of a silk trust was agitated. The scheme, however, fell through, being impracticable for many reasons.

Mill and labor laws.—Labor laws in the United States, even among the operatives, are not popular, as they believe in helping themselves. All the protection from the Government they ask for is against starving wages, which brought about the law against the immigration of the Chinese and immigration of laborers under contract.

The making of the mill laws is in the hands of the different State governments. These laws look mostly to good sanitary arrangements of the mills, the fixing of working hours (the latter specially to make extra pay for overtime legal), and to regulate the employment of children. The enforcing of these laws are alike everywhere in the hands of inspectors, who have to visit these establishments at least once a year and make their reports. Building regulations provide for well-ventilated, and for night work well-lighted, workrooms, fire escapes, and extra doors on high buildings.

A room to eat lunch in is also required for those that live away from the mill, lavatories, and separate closets for both sexes, the number to be fixed according to the number of employees. Of any other beneficiary institutions not prescribed by law, as the providing of meals and sale of goods at low prices and sleeping rooms at the mills, the American operative is not in favor. The latter he would be apt to consider as an infringement upon his personal liberty.

Mill funds for the support of operatives are unknown, at least in the silk industry, and the frequent change of operatives would make those impracticable anyway. The operative can, however, find reparation for this in the many beneficiary societies, which he can become a member of at a fee from \$12 to \$15 per year, for which he will get in case of sickness from \$5 to \$6 per week for the time of his being unable to work, and in case of death his family will get from \$500 to \$1,000.

These organizations also admit women and children for insurance.

For accidents caused by careless management or insufficient safety appliances the manufacturer is held responsible. However, if caused by carelessness of the laborer himself the manufacturer is freed from all liability.

There are no legal holidays in the United States except Sundays and some State holidays, as Washington's Birthday (22d of February), Decoration Day (30th of May), Independence Day (4th of July), Labor Day (first Monday in September), Thanksgiving Day (last Thursday in November), and New Year, which are generally observed by closing a whole or at least half a day. Church holidays are not known in America, the land of churches.

The laws for the regulation of employment of children vary in the different States. The laws of New Jersey are that boys under 12 and girls under 14 can not be employed. Children under 15 years of age have to bring a public-school certificate, and young people under 16 have to have the consent of their parents or guardians before entering into the employ of a mill.

In Pennsylvania the minimum age for boys and girls is fixed at 12 years.

The law orders the payment of mill operatives at least every 2 weeks, and the employer must pay for all work up to the day of leave or dismissal, whenever such takes place for whatever reason. The employment of laborers with the stipulation of giving notice a certain time before leaving or before they can be discharged is not legal or customary.

The operative wants to be able to change his position whenever he sees fit, and willingly takes the chances of being discharged without previous notice. If, therefore, a laborer is not at his loom at the beginning of work without being excused, his place may be filled by someone else, as he is not allowed to stay away without an excuse at the proper time. The celebrating of "Blue Monday" is therefore not in vogue.

Operatives and their conditions.—The laboring force of the American silk industry is composed of American-born operatives as well as of foreigners. The former are to be found mostly farther inland, while the latter are employed in the manufacturing districts near New York, as Paterson, West Hoboken, and Union Hill. On account of higher wages paid in these places the foreigners do not migrate to the mills situated

away from New York. As a rule they are employed in weaving and winding. All nationalities are to be found. Most in numbers are the Italians; next, the Swiss, French, Germans, and the English; further, the Austrians, Russians, Roumanians, Greeks, Armenians, Syrians, etc.

Italy contributes mostly men, and supplies the American silk industry, in regard to experience, skill, and diligence, with excellent weavers. Children under 15 years of age, mostly girls, are employed only in throwing and spooling. Men are employed especially in weaving. The employees of the New Jersey silk mills consist, therefore, of two-thirds men and one-third women. In Pennsylvania, however, where light fabrics are woven, they consist of one-third men and two-thirds women. As a rule in New Jersey one-half of the men above 20 years of age are married, while in Pennsylvania married men can not be found among the workmen. The weaving usually gives steady work to all laborers; not so winding and warping. The latter 2 departments are equipped for more than their usual needs in order to be prepared to meet increased demands of the weaving department, which may be necessitated through changes in styles and quality.

As much as possible, wages are paid for work by contract (piecework); wages for time work are not usually given.

The weekly wages in New Jersey are about as follows:

Quilling, boys and girls.....	\$4 to \$6
Winders.....	6 to 8
Warpers.....	12
Beamers.....	15
Weavers.....	7 to 14
Twisters and drawers in.....	12
Day laborers (male).....	8 to 10
Day laborers (female).....	7 to 8

In Pennsylvania, where the operatives are less capable, the wages vary from \$3 to \$8 per week.

The living expenses are not more expensive than they are in European manufacturing centers; even less so. Mills are erected where property is cheap, and dwellings for laborers are, as a rule, nice and comfortably laid out and rented at very low rates. In New Jersey flats of 3 rooms, situated near the mill, can be had for \$7 a month; a 4-room flat for \$9. Kitchen utensils are practicable, and the cooking ranges are usually constructed for the use of coal and gas.

Laborers often build their own houses. An 8 to 10 room house can be built for about \$2,400, and the laborer will get a mortgage for two-thirds of that amount from any building and loan association at 6 per cent interest per annum.

Victuals are cheap and of good quality; coal is delivered at the house, 2,000 pounds for \$4.50 to \$5. Men can get room and board in New Jersey for \$3.50 to \$4.50 and girls for \$3 per week. A suit of clothes costs \$10.

The native operative has good qualities for housekeeping; he lives plainly and is always endeavoring to save for a rainy day. It is a fact that where mills are situated savings banks will be erected and there are only a few operatives in the silk mills who do not have a more or less flourishing bank account.

A feeling of self-preservation, which keeps up their interests and also brings together the laborers of the same nationality, has misled them, however, into demonstrations very much against their advantage. In the years of 1886 and 1894 strikes were declared for better wages, but at both times they lost, and since then it seems that they are less attentive to the so-called "walking delegates." Recently, at least, they could not be induced to enter into any strikes.

Dated, New York, November, 1900.

(Witness continues.)

This report is the testimony of a gentleman born in Europe, but a manufacturer in the United States for 25 years, who, as I say, prepared this paper, not for this occasion, but for a general treatise on the subject. He has correctly assigned the reasons for the notable development of the industry, testifying to the many-sidedness and versatility of American silk mills and the perfection of machinery and of organization as elements of success which have no superior in any country. He speaks also of the imperfect organization for the sale of goods in this country. Then he speaks of the prices of products as regulated mostly by competition and not according to the cost of manufacture. Then in general he touches in a most comprehensive way on the mill and labor laws—protection against starving wages, the self-respect of operators and operatives, of operatives and their conditions, wages, contract work, living expenses, food, coal, and board, labor troubles. Those are the general topics that are discussed in that report. It seems to me to be worthy of your consideration, and this is the reason why I have presented it to you. It represents our views.

Mr. Huber would have been glad to have been present, but he sailed for Europe last week, as is his annual custom. Mr. Huber is the first vice-president of our association.

Now, I would say that we have with us to-day some gentlemen who of course are busy men, and if it is your pleasure to hear them first I shall be very happy to be at your convenience at any time. We have with us to-day Mr. Andraee, of the firm of William Schroeder & Co., who is president of two silk companies in the United States, one in Paterson, N. J., which has a factory also at Carbondale, Pa., and the other one is in the State of Virginia at Norfolk. Mr. Andraee is not only qualified as a manufacturer, but by reason of his long association with the firm of William Schroeder & Co., of Crefelt, Germany, which firm is one of the largest European silk manufacturers, and this business connection enables him to speak of silk fabrics during that time in their relation to the American market, and this is a very important consideration in an inquiry of this kind. We have with us also Mr. Ira Dimock, president of the Nonotuck Silk Company, Florence, Mass., who is one of the two largest manufacturers of sewing silk and twist in the United States. Then we have Mr. Jacob Weidmann, who was also born a Swiss, as Mr. Huber was, and I am happy to say we have not only naturalized Mr. Weidmann as well as Mr. Huber, but he brought over his industry and his art, and those things combined have enabled us to produce results which have been very gratifying to all consumers of silks in the United States. Then we have Colonel Homer, who has been in the silk business for 35 years or thereabouts, who is very well qualified to speak on any subject concerning which you may question him.

Q. (By Mr. CLARKE.) While you are on the stand will you give a statement of the production of the silk industry of America during the last year, or according to the latest data that you have in mind, in value and in quantity, if you can?—A. I had hoped that I would have before you ready to submit to you at the present time the official results of the inquiries of the Census Department in regard to silk manufacture, but it is not possible now.

Q. (By Senator KYLE.) Can you give the commission something as to the growth of the industry during the past decade or two decades?—A. Yes; I can say that according to the census of 1890 there were 20,822 looms in the United States, power looms, and 1,747 hand looms. In 1880, the period covered by Senator Kyle's question, the number of power looms was 5,321 and the number of hand looms was 3,153. You see the ascending quantity of power looms in this country and the diminishing quantity of hand looms. We have to-day in the United States approximately 800 hand looms, and the great bulk of these are employed in the trimmings branch of the industry. That is where we are ahead of our European competitors as pointed out in Mr. Huber's report. In silk weaving, properly speaking, we do not know anything about hand looms in this country. We are equipped for power-loom weaving. The number of looms in the United States at the present time I figure to be 42,000, of which 7,000 are power ribbon looms and 35,000 are used on broad silks, plushes, etc.

Q. (By Mr. LITCHMAN.) I think you have not yet given any information as to the American Silk Association itself, what it is, its position, and the objects for which it was formed.—A. The Silk Association of America is an organization of gentlemen interested in the silk industry formed to develop and protect their common business interests, to have a supervision over all matters that affect that interest, to promote comradeship and neighborliness amongst themselves by all suitable ways, to expand the development of industrial art, and to promote all causes that tend to produce these happy results.

Q. Is it an incorporated body?—A. It is incorporated under one of the laws of our State relating to charities; it has no capital stock. It is not a business organization in the sense of paying dividends, except Irish dividends. It aids in developing the trade and in giving information to its members in the form of trade bulletins and reports. The gentlemen believe it is serving them in a business capacity and is worth its cost.

Q. It is not a combination of different factories under an association?—A. On the contrary, the joy of every member is that he is free and independent.

Q. (By Mr. FARQUHAR.) The statement is made on page 19 of the association's 29th annual report, recently published and now presented by you, that at the present time a safe estimate of the relative supply of silk fabrics in the American market is 70 per cent by our domestic mills and 30 per cent by our foreign rivals.—A. Yes.

Q. Have you any figures in verification or more in detail than the simple statement?—A. Yes. That is a point which would not appear on the surface, but it is dealt with by Mr. Robert Schwarzenbach. On pages 22 to 25 of our last annual report containing Mr. Schwarzenbach's report to the Swiss Government concerning the silk industry at the Paris Exposition this question is handled.¹ Mr. Schwarzen-

¹ See appendix to this testimony for full extracts.

bach is the greatest silk manufacturer in the world. He has the business capacity to establish silk manufacturing plants in France, in Germany, in Italy, and in the United States in addition to Switzerland, his native country. His concerns employ over 15,000 operatives, and consume between 3 and 4 per cent of the entire raw silk product of the world.

You will see that he figures up the value of foreign silks consumed in this country at 23,000,000 and odd dollars and he estimates that America consumes \$72,600,000 broad silks (our own production and imported), and refers to it as being by far the largest home consumption of all the countries of which he was speaking. Now, taking that statement as a basis I have arrived at this result: While the total imports of silk in 1900 are as stated in my footnote to his report as \$15,425,974, that represents the value of dress and piece goods imported. I find after a more thorough analysis of those figures, \$15,425,974, which is the amount reported in the United States Bureau of Statistics report, that that does not correctly represent the real dress piece goods of which we are speaking. It represents a variety of things that should not be included. I have made an analysis of the total silk imports of the 8 principal customs districts of the United States, according to the phraseology of the tariff acts, which shows that the amount of silk goods that paid specific duties in 1900, is \$3,707,927. The goods paying ad valorem rates are say 10 millions of dollars altogether. Now, you take 14 millions of dollars as the value of the broad goods that come in here and add 70 per cent for the Government revenues and the importers' profits and the incidental expenses, freight, etc., and I figure that that brings the value of the foreign production consumed here up to about 23 millions of dollars.

Add \$52,000,000 as the amount of the domestic production of broad goods in 1900 and we have a total consumption of this class of silks of say \$75,000,000, divided relatively as follows:

Foreign production..... \$23,000,000 = 30 per cent.
Domestic production..... 52,000,000 = 70 per cent.

	Broad silks.		Velvets and plushes.		Ribbons.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
Foreign production.....	23,000,000	30	5,000,000	50	3,250,000	15
Domestic.....	52,000,000	70	5,000,000	50	18,500,000	85
Consumption.....	75,000,000	100	10,000,000	100	21,750,000	100

Total consumption..... \$106,750,000
Foreign production..... 31,250,000 = 30 per cent.

Domestic consumption..... 75,000,000 = 70 per cent.

Q. (By Mr. CLARKE.) The goods have been sold here of course as of the foreign market value?—A. Yes.

Q. That was made up from the invoices of the shipments?—A. Yes.

Q. Is it well understood that these invoices are usually pretty low as compared with the real value in those countries?—A. I am happy to say that under the Dingley tariff there has been a marked improvement in that respect. Many goods coming in now have to face specific rates. There is no business reason, no commercial object, in understating their value, because now they are put on the scales and weighed, but of course if all those goods came in under ad valorem rates, there would be a margin of opportunity in that respect. However, I think that undervaluation has been very much diminished since the passage of the Dingley tariff act.

Q. And you think that is due to the substitution of specific for ad valorem duties?—A. Undoubtedly. The universal testimony of the trade says so.

Q. (By Mr. LITCHMAN.) Would you not go into a little further detailed statement of the different kinds of silk produced in the United States and give us an illustration?—A. There is a reference here in Mr. Huber's report on page 18, where he speaks of the classes of goods that we do not make to any extent in this country. Mr. Huber being an authority on these matters, I prefer to give his views, if you will allow me. He says: "Only as to the selling value of the manufactured goods, the United States are second, conceding the first place to France, which country, in its luxurious Lyon and Paris specialties, as church ornaments and chasubles, silk velvets, silk laces, novelties, etc., still dominates, without competition, the world's market." Mr. Andreae, a gentleman present, understands more in a minute than I do in a week about such questions and can answer that question when you come to him, but

would say in a general way that we are equipped in our establishments in this country to make low-priced silk goods for the masses of women to better advantage to-day than any other country, by reason of the fact that we make enormous quantities of the low-priced goods, and by making great quantities we secure very low prices and the consumer thereby is very greatly benefited. Of course, in the matter of novelties, where orders are limited as to quantities, we have not seen our way clear to enter largely upon that field. As Mr. Huber points out, they still have the market over there, the place whence the fashions originate. They get the first breath of the morning, the sunshine of what is going to be. They create, you might say, and they naturally develop, and in these matters we feel that we are a long way off; but as to the regular normal staple productions, where the orders are given in very great quantities, I think he points out in his report that it is not an unusual thing for a single manufacturer in America to send out 100,000 pieces in 1 year. Of course, that represents orders for the staple production, which is known in the trade of late years as taffeta goods.

Q. (By Mr. CLARKE.) Without divulging the census figures, which you are not permitted as yet to impart, is it your opinion that the silk production of this country amounts to about \$85,000,000 a year?—A. It is; yes, sir; of which I would like to say at least \$50,000,000 is what is known as broad silks—broad-silk weaving—and of which about \$9,000,000 is sewing silk and twist, which is represented by Mr. Dimock here to-day.

Q. Is it true, as set forth in Mr. Schwarzenbach's report, which you have quoted, that the American manufacturers do demand a higher price in America as a result of exporting some goods and selling them below cost?—A. A method of the American manufacturers has been to demand low prices for a long time back. We have not asked high prices at all. We have been selling goods at a point which is heart-breaking.

Q. Has the tendency of prices in the domestic market been downward or upward?—A. Decidedly downward.

Q. Then Mr. Schwarzenbach is mistaken in the assumption that because the goods are being sold at low prices abroad they are being sold at higher prices at home?—A. Well, everything is relative in this world. Mr. Schwarzenbach finds that it is to his interest as a large manufacturer to sell a great many of his goods in London. He knows the conditions that existed in America this last year, which resulted in silk goods being sold at very low prices. He may possibly apprehend that we may take a trip across to London to see what he is doing there with his Swiss goods.

In his remarks, to which you allude, he is referring to competition between Swiss and French manufacturers. Of course competition is universal. I may say, however, right here that American broad silks are not as yet sold to any extent in the foreign markets.

Q. Is it a fact that manufacturers and exporters in all countries sell some of their goods at a lower price in foreign countries than they do in the country of production?—A. I have not any personal acquaintance with the fact, only what I have read in the public press. It is general belief on that subject—no personal knowledge. I might qualify that statement by saying I know that foreign silk manufacturers have had surplus stocks and have made a very fine dumping ground in New York markets in years gone by for the disposition of this surplus. I know that fact.

Q. Have the sales here been induced by the reduction in price?—A. Well, a reduction in price relative to what, sir?

Q. Has the foreign manufacturer made a lower price here in order to dispose of his goods?—A. He has made a lower price; lower than a home manufacturer could make to compete with him; yes. In other words, he has reduced the price as low as the necessities of the case required in order to dispose of his surplus stock. This was practiced principally when ad valorem duties were ruling exclusively. Specific duties do not facilitate such practices.

Q. In view of the present sharp competition between foreign manufacturers and those in this country, in this market, can the duties on silk goods be safely reduced?—A. Safely to whom?

Q. To the American manufacturers and the employees.—A. I should say no.

Q. Would a reduction of no more than 5 per cent encourage a considerable increase in imports?—A. I do not consider myself as well qualified to answer a question of that sort as gentlemen who are engaged in the importation of foreign goods, of whom we have a number of representatives here. I think it can be said in a general way in regard to imports that the volume of imports depends upon the vogue, the style, the fashion of the thing that is imported rather than upon the rate of duty.

Mr. Allen was recalled at 4.38 p. m. and further examined as follows:

Q. (By Mr. FARQUHAR.) In your annual report for 1900, in the entire silk industry 52.3 per cent of the operatives are reported as women; in 1890, 58.6 per cent, and in

1880, 52.3 per cent, the same as this present year. What reason is there for the apparently large disproportion of female labor? There are reported 37.2 per cent men operatives, 52.3 per cent women, and 10.5 per cent children. Does that hold good for the whole silk industry in the United States?—A. No; on the contrary, that is the average of the different States. In the State of New Jersey, of which you have had some representatives present here to-day, Paterson being the center of the industry in New Jersey by reason of the large influx of foreign labor (weavers principally), there is a large percentage of men operatives, and they have controlled that element in Paterson to the disadvantage in the past of the industry as a whole on account of the contests that arose between the labor element in Paterson (as represented by the foreign element) and the American manufacturers. As a consequence of those disagreements, which were continuous and decided, one of the greatest silk manufacturers this country has ever known was obliged to leave the city of his birth and residence owing to a bomb having been placed upon the portico of his house. He left the city of Paterson and moved to the city of New York. It was supposed that bomb was placed there by the labor element, with which he was at that time in antagonism, or rather which were antagonistic to him. That incident occurred about 15 or more years ago. As a result these manufacturers began to look around for possibilities of the industry in other places, and that is inherently the reason why Pennsylvania has been built up as a silk-manufacturing center. That is the nub of the reason why Pennsylvania has grown as a center of the silk industry, as represented in my report, on the top of page 29, whereas Paterson has practically stood still. In Pennsylvania the labor laws regarding child operatives and the number of hours employed are different from those in force in the city of Paterson.

Q. While you have made an explanation as to the moving of the people from Paterson, does it not seem a little strange that in this tabulation here, in New Jersey the men operatives are given as 47 per cent and the children only 5 per cent, whereas in Pennsylvania there are 24.4 per cent of men and 22 per cent of children? Is there not an element of cheapness which has come into the Pennsylvania manufacture as well as getting away from labor troubles?—A. In New Jersey there is a State law which prevents children under 16 years of age from working in a mill without their parents' consent. This law does not apply in Pennsylvania.

Q. Does that same law apply in New York, because there they have 40 per cent of men and 6 per cent of children?—A. Yes; the same law applies. You will observe the percentage of children is practically the same in the two States. In Mr. Huber's report he refers to that fact. On page 58 he says: "The laws for the regulation of employment of children vary in the different States. The laws of New Jersey are that boys under 12 and girls under 11 can not be employed, children under 15 years of age have to bring a public-school certificate, and young people under 16 have to have the consent of their parents or guardians before entering into the employ of a mill. In Pennsylvania the minimum age for boys and girls is fixed at 12 years." So you readily see the availability of child labor in Pennsylvania.

Q. It only lowers the age of girls 2 years and keeps that of the boys at 12?—A. There is this further explanation: You know in this industry there are different branches, as illustrated to-day. Some manufacturers have establishments in 4 or 5 different States. A man will have his throwing plant in Pennsylvania and his weaving plant in Paterson. He sends his silk and has it thrown in Pennsylvania and then sends it up to Paterson, to Hoboken, to Union Hill, and Weehawken and has it there turned into the woven product. So it happens that most of these gentlemen who have their establishments in Paterson have established these branches in these other States for the sake of being free of this everlasting labor question, which in Paterson dominates the situation; and to a certain extent, as far as the throwing industry is concerned, they are independent of it. Children are employed much more largely in the "throwing" branch of the industry than in weaving, and especially are they employed in the sewing-silk branch of the industry. Naturally, the States having the largest proportion of such output will show a larger percentage of children employed. Mr. Tilt, the late president of the Silk Association, who did have all his eggs in one basket at Paterson, has one of the finest private throwing plants in the United States at Pottsville, in Pennsylvania. He has a great ribbon plant in Allentown, in Pennsylvania. This illustrates the principle. I merely mention that case as an illustration of the general trend of the development of the silk industry, the evident purpose being to diversify it so that labor troubles in one place will not control the whole industry. I would like to say in regard to these labor troubles, to which reference has been made by witnesses who have preceded me, that in my judgment they are very much like some contagious diseases. Down in Pennsylvania these troubles are known recently as "labor measles."

Q. (By Mr. KENNEDY.) Do the labor men call them that, or the capitalists?—A. It is the general term by which the thing is known. I think it is generally conceded that the strikes in Pennsylvania—in the silk mills at least—have been the result of

the labor troubles in the coal business in October. It is a sympathy strike to a very considerable extent. Reference has been made to the effect of the preaching of the doctrines held by those men who have gone down there from Paterson to foment disturbances, and they have been successful, the result being a good many troubles. My own judgment about it is that the laboring man or laboring woman who works steadily for 52 weeks of 55 hours a week at an ascertained satisfactory wage is much better off at the end of the year than the laboring person—man or woman—who sympathizes with one of these so-called labor strikes and is employed part of the time and the other part of the time unemployed. I think that in the long run the steady employment at a satisfactory wage is much more of a winning proposition than the uncertain employment which is the result of these labor difficulties.

Q. (By Mr. LITCHMAN.) You speak in your testimony about "throwing." Some of us, not being acquainted with the technique of the trade, would like to have that term explained.—A. Throwing is a system which takes the original silk as reeled from the cocoon (as we receive it from China and Japan and Italy) and combines 2 or 3 threads with a certain twist, which makes the tram or orgazine, which is the warp and the filling for the weaver.

Q. Does that correspond to the yarn in cotton goods?—A. I should say it does. That is my general opinion. Of course I am not a practical manufacturer, but in a generic way I should say it does.

Q. (By Mr. CLARK.) Roughly speaking, throwing is in the silk industry what spinning is in the cotton industry?—A. Yes. Reference has been made here to-day to the fact that heretofore the throwing industry was a separate affair and the weaving industry was a separate affair and the dyeing was a separate affair, and so on. The tendency of American manufacture is toward consolidation of all these branches under one management, for the sake of the economies which necessarily result, for the sake of the certainty which necessarily results, and for the sake of comprehending under one management all the various elements of the business.

Q. (By Mr. KENNEDY.) Do you concede that it is the inalienable American right of the workers to come together in an organization and make the demand, if they think they should have higher wages and shorter hours?—A. Certainly.

Q. Do you not concede it is their right to preach their principles to others?—A. Certainly; but when they go to the establishment of a man and say, "You shall do as we say"—excuse me!

Q. Do you see any more danger in workmen undertaking organizations than in these consolidations of trusts that capital is bringing about?—A. I would like to see the day when every laboring man and woman in the United States would work for 8 hours only, and that may not be so far distant as we may perhaps think. I would like to see that day, and we are working out in the United States, in my opinion, a nearer approach to that standard than any other country of the world.

Q. Do you not think invention is likely to go on to such an extent that the day's work in productive industries in this country may be reduced to still shorter hours than 8?—A. I have not considered that, because 8 hours seems to be the highest standard that highly skilled labor now aims at. I am in entire sympathy with labor in every aspect of it; but do not let us be deluded with the idea that the laborers who unite shall deprive all the men that do not unite of the privilege of working for whatever wages they please. That principle seems to be so fundamental that it can not be successfully assailed by any organization, political or otherwise, in the United States. There can be no question of the right to organize so far as the men that unite are concerned, but the men that do not unite must have freedom to work assured to them.

"Unionized labor," so-called, would have a monopoly of the labor market if all laborers and operatives would join them. Their difficulty is that operatives in sufficient number to control the situation desire individual freedom—freedom not alone from ex parte action by the manufacturers, their employers, but freedom from ex parte actions by their associates who are organized in labor unions. To them "unionized labor" means an arbitrary restriction of the natural labor market, by restricting the number of persons allowed to learn a trade as apprentices, by restricting the number of persons allowed to work at a given mill under their auspices, by dictating the rate and amount of wages, by claiming that wages shall be uniform to operatives without due regard to individual capacity and its variable results, by ordering "strikes" in peaceful mills to enforce their ex parte claims at other mills, by preventing nonunion labor from opening and operating mills which unionized labor have by arbitrary edict closed. These restrictions and these claims non-unionized labor, by which is meant individual labor standing in its own right, feels itself bound to resist. They believe they possess an inalienable right to work at a price that pleases them, provided the practical result of that work is satisfactory to their employer. They stand on the inherent right of every man to work, as well as of every man to be idle, and for the sake of the principle in the first place, and for

the sake of avoiding the cash tribute or assessments which the labor unions enforce, they unite in their resistance to such claims and restrictions.

There are one or two matters that have occurred to me to touch upon if you will give me the opportunity, and one of these is as to the benefit which consumers in this country receive from the establishment of the silk industry in the United States. I should like in this connection to submit some advertisements which appeared in recent issues of the New York newspapers. I have here a copy of the New York Herald of the 28th of April, 1901, which I happened to select because I found there advertised bargains in silks. I have tabulated the advertisements in which retail stores advertise bargains in silks, to show you what they are selling over the retail counters in the city of New York, thereby showing the benefit which is conferred on the consumer in the United States by reason of the establishment of the silk industry and the consequent development of high-class machinery and the industrial arts, dyeing, etc., as stated by Mr. Weidmann. When I tell you that this represents such a house as Siegel, Cooper & Co. offering dress silks at 39 to 49 cents a yard, Ehrich's at 39 to 59 and 79, and other houses at corresponding prices, offering these goods—what they call bargain silks—to the consumers of the United States at such prices, it seems to me it might be pertinent to this inquiry to submit a proposition of this kind. If so, I shall be very glad to turn it over to you.

MR. CLARKE. We shall be very happy to have you make it a part of your testimony. The WITNESS. Very well. It is as follows:

"Bargains in silks."

[Advertisements in New York Herald April 28, 1901.]

Retail stores.	Dress silks, prices.	Section.	Page.
	<i>Cents</i>		
Siegel, Cooper & Co.....	39-49	4	1
Ehrich's.....	39, 59, 79	3	1
Macy.....	39-45	6	1
Rothenberg.....	40	6	12
Suellenberg.....	50 95	4	16
Koch.....	59-79	4	2
Adams.....	49, 59, 69	2	1
Hearn.....	39, 59	1	16
Altman.....	58-69	1	4
Abraham & Strauss.....	49 sale.	Br. sup- plement.	1

RIBBONS.

Ehrich's.....	3	1
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Q. (By Mr. CLARKE.) Are you able to state the duties on the grades of silk thus advertised?—A. I can only say that the goods that are offered there are largely of domestic production.

Q. (By Mr. LITCHMAN.) What would be the duty on the corresponding foreign goods?—A. It would be somewhere between 50 and 55 per cent. The average would be about 53 per cent on foreign goods.

Q. (By Mr. CLARKE.) Are you able to speak of the quality of those goods?—A. They are mostly known as women's dress goods; taffetas largely, which go to make up the average purchase of the average woman in the United States. The same thing can be found in Philadelphia, Boston, Chicago, and so on. It is simply an emphasis of the low price at which goods are offered to-day in the American market to the American consumer; and I think that is a legitimate result of the establishment of the silk industry in the United States.

Q. (By Mr. FARQUHAR.) The result of home competition?—A. Certainly.

Q. (By Mr. KENNEDY.) You or one of the other gentlemen stated to-day, I believe, that a consolidation of the silk industry is impossible. If that is so, will you state why it is impossible to bring all the silk manufacturers into one great corporation?—A. I do not know why it is impossible. I simply know the consensus of opinion among the silk manufacturers is that it is impossible.

Q. (By Mr. CLARKE.) In your testimony this morning you referred to Mr. Robert Schwarzenbach. Will you state who he is, and also state his relation to the silk

industry in this country and in foreign countries?—A. He has establishments in 5 countries. He is a genius—a man that can overlook national boundaries and national tariffs and study conditions in various countries and establish the silk manufacture in 5 countries. He is like few other men. We know there are a few of them—not many—but he has successfully accomplished it. And his partner, Mr. Huber, if you could hear him, I am sure your knowledge of this general subject would be very much enlarged. He is Swiss born, and brings his art and industry with him, and we are reaping the benefit of them in this industry.

Q. Is Mr. Schwarzenbach one of the largest silk manufacturers?—A. The largest.

Q. And he is manufacturing in more than one European country and also in America?—A. In 4 European countries. In this country he has an establishment at West Hoboken and Union Hill, in New Jersey, where he does his weaving, and also one in Altoona, Pa., where he does his throwing.

Q. Therefore you say his testimony, which you have quoted in regard to European conditions and in regard to methods of trade exportation from one country to another, would be fairly representative of European practices?—A. It goes without saying that a man who can successfully conduct 4 silk establishments under 4 different tariff arrangements, as he does in Europe, and supply, as he does, very largely the London market, where they have no tariff on silks—it seems to me that it goes without saying that he is a man of distinguished ability and well worthy of the closest attention. That is my judgment of him as a man both from his success as a manufacturer and from my pleasant intercourse with him as an individual.

I have here a letter from a manufacturer of silk lace in the United States, who established the silk-lace manufacture in Brooklyn in 1871, a man of sincere devotion to American interests. His letter on the subject has relation to the manufacture of silk laces in this country. It is dated on the 6th of May and is in response to a letter that I wrote him. With your permission I would like to read from it for your information. [Reading:]

"The fact is, our business is not what it used to be by large odds. Competition is too strong; all duties are ad valorem—not one specific in the lines we make. The last two tariffs we failed to get anything specific. The result is, we do not believe silk laces pay half the rate of duty. It is not Appraiser Wakenan's fault. He does all he can to help American industries and manufacturers. All cotton window curtains pay a duty—specific—though small, yet it was sufficient to give that business to the United States, as you may learn by large manufacturers of curtains at Philadelphia, Wilkesbarre, Patchogue, and other places. The best part of our business now is in making fine cotton lace rather than silk."

There is a case where a manufacturer has been discouraged owing to the fact that silk laces were protected with a nominal rate of duty of 60 per cent ad valorem; but silk laces, being a matter that you can put in the hollow of your pocket or subterranean part of a trunk and import in very large value in small quantity, are at a great disadvantage. When cotton laces were protected in the Dingley tariff by a specific duty, it became more to his interest to make cotton laces than silk. I merely mention that instance to show you the operation of specific tariffs. If they can be extended to the silk industry, wherever and however they can be, the extension will be a very desirable thing.

I am happy to say that the silk features of the tariff known as the Dingley tariff were arrived at after a full and thorough consideration of the subject, and while some American manufacturers think they are too low in their rate per pound, still it was the wish of the Government that the rate should approximate 50 per cent duty. The ability of the silk manufacturer was equal to that demand, and the scheme was arrived at which has produced a fairly satisfactory result so far as a very considerable portion of the goods is concerned.

Anywhere from one-third to one-half of the foreign silk goods are brought under specific tariffs, depending on the price of raw silk, which varies, as you have heard to-day. The specific duty is a good thing when the price of silk is low, and relatively not so good when the price of silk is high. Even at the high price of \$5 a pound more than 50 per cent is brought in under the ad valorem system; and gentlemen familiar with the ad valorem system know what the disadvantages to the different importers are under that system. Whenever the day shall come when this question shall be up again for consideration, my judgment is you may expect to hear from the silk manufacturers almost universally in favor of a specific rate.

My opinion is that specific rates, although not so advantageous in theory, are really the most satisfactory as a fact. They put the goods upon the scales and they ascertain the weight, and the goods pay so much a pound. Under the ad valorem system it is a question of sworn value, and, as you know, they vary very largely, especially where manufacturers make goods for one market that are not suitable for any other market; and the American market demands certain kinds of silk goods which are not in demand in Europe. They like one sort of thing and we like another,

prepared differently. It is a different article in essence, and therefore we can not compare them with articles that have a circulation on the other side on account of the variation in the fabrics and in the styles.

Q. (By Mr. LITCHMAN.) Is it not also a matter of appraisement in the custom-house here?—A. I am satisfied that the appraiser's department is searching for the highest and best information it can get; but in the nature of things the appraisers can not arrive at it.

Q. However, it is a question of appraisement here also, is it not?—A. Naturally.

Q. Are not the goods consigned here rather than billed here under invoice?—A. I do not think that is as much the case now as formerly.

Q. It used to be?—A. Very much so.

Q. And therefore it came to be nearly altogether a question of appraisal in this country?—A. Certainly. Absolutely. And they were consigned to agents of the foreign manufacturers after the real buyers of American importers were driven out of buying on the other side.

The Philadelphia commission is on record on that question in its official report. In 1878 we had two examinations of the operations of the imported values of goods, one by the New York commission and one in Philadelphia; and the Philadelphia commission, after considering the advantages and defects of both systems of collecting duty, reported as follows: "To summarize briefly the chief points of the foregoing comparison, the ad valorem system has the advantage of being universally applicable and theoretically the fairest; the specific system, on the other hand, has many defects in principle, as has been shown, and some decided advantages in practice. With a tariff justly framed as to classifications, and not extending the specific principle beyond just limits, superior efficiency in collection under the existing system of revenue service seems assured, and the end is both desirable and necessary."

In my opinion, the Board of General Appraisers at the port of New York, which represents in the main the best expert authority the Government possesses on such questions, will favor the specific system wherever it can be applied as the fairest to the importer and as a greater revenue producer to the Government.

In connection with the report of Mr. Huber, I would like to present to the commission this book which is entitled *The Silk Industry of the United States, or the Silk Goods of America*, and was edited by Mr. Wyckoff in 1879. It takes up the various branches of the silk industry of the United States, deals with them from a historical point of view, and brings them down to that date. I think you will be interested in the observations which are herein contained, because they are absolutely trustworthy. For instance, here is a chapter on raw silk and sewing-machine twist; and it takes up the ribbon and broad silks, dyeing, etc., and shows the early beginnings of the whole thing—from the inception of the silk industry down to that date. I take great pleasure in presenting it to you with our compliments.

Mr. Wyckoff was one of my predecessors as secretary of this association and his work, taken in connection with Mr. Huber's treatise, will inform the commission of the entire history and development of the silk industry in America from its commencement down to the present time.

Q. (By Mr. FARQUHAR.) Do you know what method the mills have for marketing their goods? Do they go through commission houses or agencies, or in what form of distribution are silk goods put upon the market?—A. In all ways.

Q. Has it not been a fact that the commission houses have had control of silk goods for quite a number of years in this country?—A. Mr. Huber has treated that subject with such great clearness in his report that I would like to refer you to what he says on page 56 about selling organization, and conditions of sales. He is a practical importer and a practical manufacturer, and he has set out on that page and on page 50 also a very full statement of the conditions. Of course, Mr. Huber is a gentleman who buys silk for cash and is not under the control of commission men; he is not ground between the upper and the nether stones, and therefore he has sympathy for those who are.

Q. (By Mr. CLARKE.) Can you give the commission reliable data as to the several States in which the silk industry is now established?—A. With the permission of Mr. S. N. D. North, chief statistician of the department of manufactures for the United States census of 1900, I am at liberty to give to the commission the following preliminary statement of the official returns:

Comparative summary of the United States, by States: 1880, 1890, and 1900.

[Including braids and trimmings.]

States	Year	Number of establishments.	Capital.	Average number of wage-earners and total wages.				
				Average number.	Total wages.	Men, 16 years and over.	Women, 16 years and over.	Children, under 16 years.
United States	1900	483	\$81,052,201	65,416	\$20,982,104	24,206	34,797	6,413
	1890	472	51,067,537	49,382	17,762,441	17,602	28,914	2,866
	1880	382	19,125,300	31,337	146,705	9,375	10,396	5,566
California	1900	5	308,847	117	32,005	24	71	2
	1890	9	112,283	203	68,290	49	132	2
	1880	5	164,300	151	41,400	20	106	25
Connecticut	1900	38	12,166,775	6,514	2,392,873	2,763	3,586	106
	1890	35	9,037,042	4,964	1,847,533	1,540	3,301	123
	1880	28	4,436,500	3,428	1,026,530	785	1,990	653
Delaware	1900	2	(¹)					
Illinois	1900	4	250,540	412	121,644	81	310	31
	1890	10	422,096	756	241,322	157	580	10
	1880	5	82,000	259	72,195	67	135	57
Kansas	1890	1	(¹)					
Maine	1900	1	(¹)					
	1890	1	(¹)					
	1880	1	(¹)					
Maryland	1900	2	(¹)					
	1890	4	50,400	72	20,633	28	44	
	1880	4	20,900	82	11,030	12	56	14
Massachusetts	1900	20	5,549,758	3,110	1,110,234	1,192	1,837	171
	1890	20	3,353,206	2,903	1,034,284	977	1,928	88
	1880	22	1,306,900	1,826	521,725	353	1,285	188
Michigan	1900	2	(¹)					
	1890	1	(¹)					
Missouri	1890	1	(¹)					
	1880	1	(¹)					
New Hampshire	1900	2	(¹)					
	1880	1	(¹)					
New Jersey	1900	180	29,285,792	24,157	9,232,532	11,279	11,679	1,199
	1890	132	16,809,927	17,445	6,634,610	7,773	8,773	890
	1880	106	6,952,325	12,549	4,177,745	4,096	5,360	2,493
New York	1900	92	9,800,207	7,861	2,861,818	3,149	4,299	413
	1890	185	11,165,918	12,719	4,983,063	4,458	7,983	290
	1880	151	4,096,775	9,633	2,590,025	2,405	5,459	1,789
North Carolina	1900	3	130,376	209	25,430	35	119	55
	1890	1	(¹)					
Ohio	1890	3	37,830	36	11,173	8	28	
	1880	6	24,700	135	12,550	21	73	41
Pennsylvania	1900	121	20,694,023	21,024	4,629,025	5,214	11,565	4,240
	1890	66	9,362,063	9,330	2,725,285	2,420	5,617	1,293
	1880	49	1,379,900	3,189	678,120	1,000	1,870	319
Rhode Island	1900	6	680,252	455	166,675	134	326	5
	1890	3	122,256	186	53,471	49	107	30
	1880	1	(¹)					
Utah	1900	2	(¹)					
Vermont	1880	1	(¹)					
Virginia	1900	3	594,350	472	105,056	144	228	101
	1890	1	(¹)					
All other States ²	1900	11	1,312,272	1,089	303,171	201	758	31
	1890	5	534,428	678	138,779	145	392	141
	1880	6	61,000	85	15,415	16	62	7

¹ Included in "All other States."² Includes States having less than 3 establishments in order that the operations of individual establishments may not be disclosed. These establishments are distributed as follows: 1900—Delaware, 2; Maine, 1; Maryland, 2; Michigan, 2; New Hampshire, 2; Utah, 2. 1890—Maine, 1; Michigan, 1; Missouri, 1; North Carolina, 1; Virginia, 1. 1880—Kansas, 1; Maine, 1; Missouri, 1; New Hampshire, 1; Rhode Island, 1; Vermont, 1.

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Comparative summary of the United States, by States: 1880, 1890, and 1900—Continued.

[Including braids and trimmings.]

States.	Miscellaneous expenses.	Cost of materials used.	Value of products.	Number of spindles.	Looms.		
					Total number.	Power.	Hand.
United States	\$10,284,208	\$63,405,665	\$107,256,258	1,977,404	44,306	44,133	173
	4,250,623	51,004,425	87,298,454	1,087,305	22,569	20,822	1,747
	.....	22,487,701	41,033,045	426,530	8,474	5,321	8,153
California	4,113	146,219	255,902	3,380	2	2	.....
.....	10,438	146,406	271,912	2,817	36	1	35
.....	.....	80,995	150,175	850	24	.....	24
Connecticut	637,450	7,198,008	12,378,981	160,743	2,975	2,975	.....
.....	270,426	6,201,876	9,788,951	129,664	1,378	1,372	6
.....	653	3,311,206	5,881,000	88,825	615	603	12
Delaware .....	.....	.....	.....	.....	.....	.....	.....
Illinois	42,410	187,514	421,088	.....	34	27	7
.....	35,761	314,855	785,845	732	126	44	82
.....	.....	125,895	244,150	.....	64	13	51
Kansas .....	.....	.....	.....	.....	.....	.....	.....
Maine .....	.....	.....	.....	.....	.....	.....	.....
.....
Maryland .....	.....	.....	.....	.....	.....	.....	.....
.....	3,798	34,305	100,361	6	14	14	.....
.....	.....	15,760	35,415	.....	39	.....	39
Massachusetts	382,745	3,823,963	5,957,532	97,311	1,040	1,017	23
.....	464,390	3,251,893	5,557,569	81,435	540	444	96
.....	.....	1,090,515	3,764,260	30,450	241	88	153
Michigan .....	.....	.....	.....	.....	.....	.....	.....
Missouri .....	.....	.....	.....	.....	.....	.....	.....
New Hampshire .....	.....	.....	.....	.....	.....	.....	.....
New Jersey	4,896,595	21,631,118	39,980,062	536,065	20,572	20,557	15
.....	1,356,137	17,908,883	30,760,371	359,364	11,724	11,487	237
.....	.....	9,678,536	17,122,230	210,783	4,553	2,056	1,597
New York	1,601,527	6,570,047	12,706,246	136,703	5,268	5,175	93
.....	1,123,671	10,174,818	19,417,796	154,969	4,940	3,888	1,052
.....	.....	5,331,804	10,170,140	67,271	2,086	1,095	991
North Carolina	5,159	99,403	135,354	18,790	125	125	.....
Ohio	2,662	13,983	33,927	96	16	.....	16
.....	.....	19,405	53,110	.....	22	.....	22
Pennsylvania	2,461,820	19,884,869	31,072,926	942,545	12,825	12,796	29
.....	939,051	12,094,389	19,357,546	318,215	3,583	3,360	223
.....	.....	1,830,985	3,491,840	25,241	828	566	262
Rhode Island	103,454	818,561	1,311,333	4,212	533	533	.....
.....	17,427	149,763	229,062	3,393	43	43	.....
Utah .....	.....	.....	.....	.....	.....	.....	.....
Vermont .....	.....	.....	.....	.....	.....	.....	.....
Virginia	15,300	720,525	981,600	41,798	147	147	.....
All other States ¹	123,635	1,326,448	2,088,564	35,856	785	779	6
.....	15,862	713,254	995,114	30,704	169	169	.....
.....	.....	82,510	111,725	3,610	2	.....	2

¹ Includes States having less than 3 establishments in order that the operations of individual establishments may not be disclosed. These establishments are distributed as follows: 1900—Delaware, 2; Maine, 1; Maryland, 2; Michigan, 2; New Hampshire, 2; Utah, 2. 1890—Maine, 1; Michigan, 1; Missouri, 1; North Carolina, 1; Virginia, 1. 1880—Kansas, 1; Maine, 1; Missouri, 1; New Hampshire, 1; Rhode Island, 1; Vermont, 1.

APPENDIX TO TESTIMONY OF FRANKLIN ALLEN.

(Extract from report on the Paris Exposition of 1900.)

SILKS AND SILK GOODS, GROUP XIII, CLASS 83.

(By Messrs. Robert Schwarzenbach and H. E. Streuli, Zurich.)

(Page 22 of annual report of Silk Association of America, published March 26, 1901.)
The United States of America, number of exhibitors 12, received the following prizes: Grand prix, 1; gold medal, 3; silver medal, 2; bronze medal, 4; honorable mention, 2.

"The emplacement of this very remarkable exhibition, in the neighborhood of the Italian exhibition, had the defect of being too small, of giving the observer no perspective, and of allowing no right display of the goods. This exhibition could not pretend to represent justly the silk industry of the United States. Of 30,000 looms which the American industry counts, only about 3,000 were represented; and of the many hundreds of manufacturers only a dozen, and even these few decided only at the last moment, about 6 weeks before the opening of the exposition, to exhibit their goods in Paris. It must be said, however, that what these few manufacturers have exhibited was not expressly prepared for the exhibition, but represented truly their current production for the American market. And some of these goods were really most remarkable.

"The Empire Silk Works, Paterson, presented a collection of novelties in the silks (fancy muffers) from the simplest to the heaviest qualities; in all fashionable kinds Macclesfield could not better exhibit them. Most of these goods showed an excellent taste of the designer in simple lines or other small figures. Also in color combination these goods were of very quiet and refined effect.

"Doherty & Wadsworth seem to make a specialty of fancy and plain crepes de Chine, for which they can only be congratulated, as just these and similar goods are at present mostly favored by dame fashion. As far as could be judged the crepes de Chine and mousselines exhibited were faultlessly woven, and also faultlessly finished, which shows that the cooperative industry of the finishing art must have also made great progress in the United States.

"The Liberty Silk Company exhibited very pretty fancy dress silks (Chinese), nearly all in most agreeable colors, which give evidence of competent technical ability.

"Other exhibitors, as, for instance, Cardinal & Becker, have exhibited silk doubles (Damasse's), one-colored or of various colors, in light tones with large and small designs of flowers and figures, which also proved good taste and nice technical work.

"There are also fancies, mostly on light taffeta ground with stripes of satin, reps and narrow or broad Pointille's stripes, like Mexicains, in very beautiful color combinations and good qualities.

"It having been decided that the American silk industry was represented in Paris, it could not be otherwise but that its active representative in the jury, Franklin Allen, secretary of the Silk Association of America, tried to obtain for it a grand prix; and he did it so amiably that the jury could not resist. That great recognition was given to the Richardson Silk Company, Belding (Michigan), famous in the United States for their excellent sewing silks. If any branch of the American silk industry has a chance to succeed some day in exporting, it will be the sewing-silk manufacturers. For the American sewing silk is the best in the world, because only the best Japan filatures, dyed unweighted, are used. Nevertheless, the grand prix would probably have been given to a broad-silk manufacturer had not just those firms which would have had the first claim to such a recognition preferred to shine through their absence.

"Also John N. Stearns & Co. could not be taken into consideration, as they did not exhibit at all seriously, but had only a few pieces to show to the jury, for which they then obtained the gold medal. Really, these few pieces should not have been considered at all, as they were not to be seen either before or after the visit of the jury to the American section. But even here the jury showed mercy. Worse fared another exhibitor who, having come expressly to Paris to admire his exhibit, found one piece in the show case of one of his competitors, while he could not discover the remainder of his goods at all.

"Whoever had seen the American silk exhibition must admit that, even in its modest and restricted shape, it made an excellent impression; at any rate, much better than, for instance, the Italian exhibition. If the American silk manufacturers continue in the next few years to make progress as heretofore, of which there is no doubt, and if, at a future international exposition of universal or special character, they do not mind the efforts and expenses to which we are accustomed on

such occasions, they will not only get one grand prize, but many of them. We are convinced of it.

"On this occasion may we be allowed to add a few remarks of general nature which come to our mind in discussing the American silk exhibition?"

"To the attentive observer of the economical development of the nations there are few facts so interesting as the enormous progress of the United States during the last 10 years in the domain of textile industry. We may well ask ourselves how old worn-out Europe, divided comparatively in small customs divisions, armed to the teeth, and nearly crushed by taxes, will be able to fight in future the young American giant. We have scarcely a doubt as to the final result of the struggle. America will remain victor on the whole line.

"The United States to-day counts 76,000,000 inhabitants. In 1920 there will undoubtedly be 100,000,000. From New York to San Francisco and from New Orleans to Niagara Falls one zone of customs, within which is absolute free trade; incomparable treasures of the soil, below and on the earth; no standing army which could in any way be considered as a financial burden; no noteworthy direct taxes; no socialistic party with a tendency to upset the present form of government; no class hatred against capital; the best public schools, incomparable, rich, and independent universities; a working class highly intelligent and contented, temperate in the use of alcohol; a strict division of labor to the greatest extent; no German festivals (schuetzenfeste and sengerfeste); no 'blue' (idle) Mondays.

"In the face of these conditions who can still doubt that America will within 20 or 30 years outflank us in every domain? So far we thought that the American highly protective tariff would protect us from encountering also the American competition in the world's neutral markets. But, unfortunately, it seems that even this consolation is going to be taken away from us. Americans have learned from their European teachers to sell below cost in foreign countries their excess of production and to cover the loss by demanding higher prices in their own country. Probably the time is coming when we in Europe shall also have to take up the fight with silk goods of American origin in the markets of Great Britain. As if we had not sufficient competition there already!"

From another part of the Swiss jurors' report is taken the following chapter devoted to the American silk industry. [Page 24, Silk Association report.]

"America.—Unfortunately, we have to-day no statistical figures about the amount and the different kinds of production of the American silk industry during the last 10 years. The compilation of the figures, which is now in progress in America, is not yet finished. The only material which we have at our disposition, enabling us to come to some conclusion regarding the total production in America, is the report of the Silk Association of America of August, 1900. We see, for instance, from the official table of imports of raw silk (Table P of the Swiss report) the imports in the year 1900 (from July 1, 1898, to June 30, 1900) amounted to 11,268,310 pounds, valued at \$44,549,672, against 4,917,688 pounds and \$17,994,654 in 1891, or, percentually expressed, America imports to-day 130 per cent more raw silk than 10 years ago. The import increases constantly from year to year, except 1894 and 1897, and the values correspond nearly always with the fluctuations of prices.

"As far as the production of broad silk in America is concerned, the American representative of the jury estimated it at 10,000 francs (\$2,000) per loom per year, which, with 30,000 looms, would make a total production of 300,000,000 francs (\$60,000,000). We consider this estimate, however, decidedly exaggerated, especially for the one reason that the American mills, as a rule, are not working fully the year round. Besides, we must consider the fact that the time for working in American mills is, in New Jersey, for instance, only 55 hours per week. On the other hand, it must be admitted also that this loss, in comparison to other countries, is at least partly compensated by the fact that in America coarser sizes of raw material are generally used.

"We have found that the Swiss production amounts to 6,000 francs (\$1,200) per loom per year, and if we add about 30 per cent, taking into consideration the conditions in America, we ought to arrive at about the right figure, according to our ideas, viz, 8,000 francs (\$1,600) per loom per year. On this basis the production of broad silks in America would amount to about 240,000,000 francs (\$48,000,000), against 104,000,000 francs (\$20,800,000) for Zurich, and 412,500,000 francs (\$82,500,000) for Lyons. We emphasize distinctly that we speak now only of broad silks, as otherwise a production of 240,000,000 francs (\$48,000,000) against a raw-silk import of \$44,550,000 (which, however, will not nearly amount to so much this year) would seem totally incorrect. Against the import of raw silk we naturally ought to oppose the whole production of the American silk industry, which also occupies 7,000 ribbon looms, besides the production of sewing silks, twist silks, etc. The total production is estimated at \$80,000,000.

"As the whole production is sold exclusively in the same country, these figures show what an enormous, steadily increasing ability of consumption the American

market has. But in order to fully appreciate the ability of consumption we must also consider what America imports in silk goods. This is to be seen from Table Q. Although America's own productiveness is to-day 100 per cent more than 10 years ago, yet the import of silk goods of 1899-1900 was nearly equal to the years of 1892 and 1895. Dress and piece goods participate especially in this result, with an amount never before reached during the period of 10 years, namely, \$15,425,974, to which must be added \$8,175,766 for revenue duty (average 53 per cent). Total, \$23,601,740, or, in round figures, 123,000,000 francs.

"We can therefore say that America consumes for 363,000,000 francs (\$72,600,000) broad silks (own production and import), which is by far the largest home consumption of all countries of which we are speaking here. As regards the origin of the imported goods, it is noteworthy that the total imports from Switzerland, as well as from France, have nearly reached again the largest figures of 10 years ago. Germany, England, Austria, and China have not been able to reach again their American export figures of the beginning of the last 10 years. They have declined during the last year to one-half for Germany and England, to one-third for Austria, and to one-fourth for China. Italy and Japan export to-day more than in 1891 to the United States, namely, 50 per cent and 100 per cent more, respectively. Owing to the new American tariff, however, even Japan has not reached since 1895 the high record of that year."

[Foot note added to Mr. Schwarzenbach's report, by Franklin Allen, secretary of the Silk Association of America, p. 75 of their annual report, 1901.]

Mr. Schwarzenbach has omitted to take into account, when considering the amount of dress and piece goods imported into the United States, that the classification of imports under the Dingley tariff act of 1897, which enacted weight duties for substantially half of the importations of dress and piece silks, is much more precise than under the exclusively ad valorem tariff of 1893. "All other dutiable silk goods," ranging in invoice values from \$18,412,192 imported in 1891 to \$11,132,512 in 1897, as shown by the statistical report of the Silk Association of America, from which he quotes, evidently includes a considerable percentage of "dress and piece goods," although not so specifically classed in the United States Treasury reports. This is shown by the sudden drop of "all other dutiable silk goods" under the specific tariff which calls "a spade a spade," in contrast with the "commercial designation" clauses of the previous ad valorem tariff. The point is well emphasized by the following data taken from the report which he quotes:

Foreign invoice values.			
	Dress and piece goods.	All other du- tiable silks.	Total im- ports.
Ad valorem tariff of 1893:			
Fiscal years ending June 30 --			
1891.....	\$10,417,098	\$18,412,192	\$37,880,143
1892.....	9,892,241	11,799,446	31,172,894
1893.....	13,475,282	14,415,719	38,958,928
1894.....	7,231,862	9,516,481	24,811,773
1895.....	6,683,788	13,302,683	31,200,002
1896.....	4,961,904	11,339,499	28,652,768
1897	4,812,503	11,132,512	25,199,067
Dingley tariff of 1897:			
Fiscal years ending June 30			
1898	9,205,768	4,610,637	23,523,665
1899.....	13,082,369	2,274,079	25,109,074
1900	15,425,974	2,752,447	30,804,066

NEW YORK, May 22, 1901.

TESTIMONY OF MR. OTTO ANDREAE, JR.,

Partner of William Schroeder & Co., New York City, N. Y.

The special subcommission met in the rooms of the Fifth Avenue Hotel at 10.15 a. m., Mr. Clarke presiding. At 12.37 p. m. Mr. Otto Andrae, jr., member of the firm of William Schroeder & Co., was introduced as a witness, and being duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, address, and occupation.—A. Otto Andrae, jr., No. 469 Broome street, member of the firm of William Schroeder & Co. I want to preface my testimony by stating that I attend more to the selling department than to the manufacturing end of the business. Our vice-president is at present abroad, otherwise we would have brought him along to answer any questions

regarding the business, but I am ready to answer anything you gentlemen see fit to ask.

Q. Where are the mills located in which you are interested?—A. In Paterson; Carbondale, Pa.; we have also started one in Norfolk, Va.

Q. What kind of goods are you producing in these several mills?—A. We are producing a little of everything; plain goods, fancy goods. We try to make anything that is going in the silk business, in the silk line.

Q. In your mercantile business do you dispose of the goods of other manufacturers as well as those of your own companies?—A. We are practically the agents of William Schroeder, of Crefeld, selling his foreign products here as a commission house.

Q. So you are an importer as well as a manufacturer?—A. I am.

Q. We shall be glad to have you give us information in regard to the course of the trade in recent years, the production at home, the tendency of prices, whether upward or downward, and the effect of the competition here of foreign goods?—A. As far as domestic business is concerned, I can not add anything at all to that most able paper which Mr. Huber has given you, and which has been presented to you by Mr. Allen. It really covers all the ground. All prices are entirely controlled by competition, ignoring the cost of the product altogether. In other words, if there is an overproduction here, the price goes down; the manufacturer has to realize on his merchandise.

Q. If there is an excess of importation does that have a similar effect?—A. A similar effect naturally on both the price of the imported product and the price of the domestic product. The price is entirely regulated by the demand for the article.

Q. Are the goods which you import substantially the same kind as those which you manufacture?—A. Not exactly; no. There are certain specialties of the better qualities that we import in other things, things that we have practically to import, with the manufacture of which we can not compete in this country.

Q. In so far, then, as they are essential they are not strictly competitive?—A. Not strictly competitive; no. There are certain specialties in different branches used for different purposes where they still compete and which we still import quite extensively.

Q. But is it not a fact that they take the place of goods which would otherwise be used, the product of American looms?—A. Not exactly. It is a question. A good deal of style, disposition, fashion, things which originate abroad come to us from abroad first, which eventually are copied here. That is about the extent of it.

Q. Do you export as well as import?—A. No; we do not export at all. In fact there is nothing in the export line just at present.

Q. (By Senator KYLE.) It has been stated that the production in this country is 85 millions per annum; what percentage of that goes abroad?—A. I do not think any at all. It would be infinitesimal. I think, however, people have sent some specimens abroad which have competed favorably.

Q. What is the meaning, then, on page 24 of the statement of Mr. Schwarzenbach, which Mr. Allen has quoted?—A. I think he means to state that Americans have learned from their competitors abroad that their excess product should be disposed of in other markets than the home markets; in other words, insuring a buyer that his price is not reduced before he gets a chance to dispose of his merchandise, which happens in this country to a great extent.

Q. (By Mr. CLARKE.) So far as American exportation is concerned, he is speaking in the future?—A. In the future; yes.

Q. (By Senator KYLE.) What would be the effect upon the American consumer in case any great disaster should overtake the American producers of silk?—A. It would be disastrous to the consumer undoubtedly, because the consumer would undoubtedly have to pay a great deal higher price for merchandise than he is paying to-day, and it would put the control absolutely in the hands of the foreign manufacturer. He could advance his price or do whatever he pleased. The consumer is benefited to-day, really by the competition that exists between the American manufacturers.

Q. (By Mr. CLARKE.) If there were no imports whatever, do you think this competition would be as severe as now?—A. It would leave a field for the making of some qualities which are not made here now, but I think good, healthy competition from all over the world is a very good thing.

Q. (By Senator KYLE.) What is the consumption of raw silk in the United States?—A. What do you mean by raw silk?

Q. Of the manufactured silk?—A. I really could not give you that.

Senator KYLE. What I wish to bring out is information as to what extent the American manufacturer is expanding trade—getting hold of the American market?—A. Mr. Huber's report is 70 per cent of 75 millions.

Q. (By Mr. CLARKE.) Are you speaking now of broad goods—piece goods?—A. Of broad goods only.

Q. The total consumption would be measured by the domestic production and

imports, would it not?—A. All imports of broad goods, of course, enters, I think, including ribbons—which I know nothing about—and other goods.

Q. If the total production is about \$85,000,000 a year and the total importation about \$30,000,000 a year, the two together would measure the domestic consumption?—A. Yes.

Mr. ALLEN. Eighty-five millions are not all broad silks. They are only a fraction of it.

Mr. CLARKE. Do you see any occasion for any change in the tariff on silk goods?—

A. (By Witness.) Only in the line of making it generally specific instead of having ad valorem and specific duties mixed. I think it has been of more benefit to the importer, the foreign manufacturer, and the domestic manufacturer; more satisfactory.

Q. Is the need so you would care to see a tariff revision entered upon speedily?—A. Not at all. I think the country better off without it.

Q. What is your opinion as to the effect of a general revision of the tariff upon the business interests of the country while it is pending?—A. Well, as a general rule, a stagnation of business ensues during the period. The buyer does not know what is going to be enacted, and naturally holds off. We have seen that during the administration of the last tariff, that for 6 or 8 months business was practically stagnant, paralyzed.

Q. Are the European goods which you import all manufactured in Crefeld?—A. In Crefeld—in Prussia.

Q. Your house does not import any from France?—A. None whatever.

Q. From which European country do we get our chief imports of silk?—A. I am not quite sure about that, but I should say France leads, though the competition may be very close between Germany and Switzerland. How is that, Mr. Allen?

Mr. ALLEN. There is a table, on page 107 of the association's report, that gives that information. It is as follows:

Imports of raw silk, by countries of export, for the last 4 calendar years, 1897 to 1900.

[As given by the Bureau of Statistics, Treasury Department, Washington.]

From—	1900.		1899		1898.		1897.	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
France.....	362,241	\$1,609,117	329,493	\$1,304,861	326,617	\$1,174,747	291,719	\$976,677
Italy.....	2,060,258	9,563,115	2,151,893	9,370,750	1,903,850	7,134,094	1,290,888	4,474,447
China.....	2,533,570	7,961,429	3,643,491	10,854,071	1,945,421	4,590,750	2,906,828	7,271,982
Japan.....	3,180,153	12,390,789	5,595,382	20,927,890	3,850,621	12,505,440	5,366,229	15,838,977
Other countries.....	66,614	266,090	99,667	319,106	440,715	1,211,103	116,151	302,065
Totals.....	8,211,836	31,780,531	11,819,946	42,776,678	8,467,224	26,596,134	10,051,815	28,864,138

FRANKLIN ALLEN, Secretary.

SILK ASSOCIATION OF AMERICA.

New York City, March, 1901.

The WITNESS. That is raw silk. I do not think the other is stated.

Mr. ALLEN. Yes, it is; on page 109. Here it is:

Silk textiles from all countries, by countries, imported into the United States for the last five calendar years, 1896 to 1900.

[As given by the Bureau of Statistics, Treasury Department, Washington.]

[Invoice value in dollars.¹]

Countries.	1900.	1899.	1898.	1897.	1896.
France.....	\$14,360,318	\$12,193,296	\$10,676,407	\$11,928,540	\$9,017,220
Germany.....	4,700,518	4,988,513	4,568,051	4,851,886	5,092,822
Switzerland.....	4,171,845	3,966,018	3,797,257	3,490,361	2,870,002
England.....	2,534,940	2,564,764	2,685,540	1,881,428	2,055,706
Austria-Hungary.....	127,001	147,633	172,910	129,728	161,067
Belgium.....	28,896	51,534	36,352	32,856	40,009
Italy.....	475,726	438,796	398,080	324,692	297,472
Other European countries.....	75,218	94,134	46,725	43,990	27,670
Japan.....	2,998,851	3,244,743	2,707,107	2,375,631	2,037,880
China.....	159,657	150,448	145,636	126,292	212,615
Other Asiatic countries.....	96,610	78,896	52,279	55,035	74,396
Total annual imports.....	29,719,518	27,880,664	25,287,419	25,248,409	21,696,849

¹ Foreign invoice values only are given, to which are to be added freight, revenue duty, importers' profits, and occasional advances on invoices to represent cost to American consumer.

692 INDUSTRIAL COMMISSION:—MANUFACTURES AND BUSINESS.

Comparative view by articles.

[Invoice value in dollars.]

Articles.	1900.	1899.	1898.	1897.	1896.
Dress and silk piece goods	\$14,386,488	\$14,223,957	\$12,589,361	\$8,174,542	\$6,295,653
Ribbons	1,903,365	1,673,456	1,850,193	1,480,061	959,358
Laces and embroideries	3,031,156	3,259,378	3,259,704	2,595,103	1,871,848
Spun silk in skeins, cops, warps, or on beams	3,343,622	2,745,718	885,295	1,130,146	1,041,110
Velvets, plushes, and other pile fabrics	2,887,283	1,788,775	882,173	Not separately classified	
Clothing, ready-made, and wearing apparel	1,743,335	1,606,198	1,591,708	2,348,024	2,481,839
All other not specially provided for.....	2,415,269	2,493,202	4,028,985	9,520,533	9,037,041
Total annual imports	29,719,518	27,880,684	25,287,419	25,248,409	21,686,849

¹ Foreign invoice values only are given, to which are to be added freight, revenue duty, importers' profits, and occasional advances on invoices to represent cost to American consumer.

FRANKLIN ALLEN, *Secretary.*

MARCH, 1901.

The WITNESS. You see France leads by some \$10,000,000, Germany coming next, and Switzerland a close third.

Q. If by any means there should be a reduction of duty on goods imported from France and not from Germany, how would that affect the importation from Germany?—A. It is a very hard thing to say, the class of merchandise manufactured in the different countries varies so much. France will always have a field for imports when other countries have not, because the fashions really originate there and they make these better qualities of goods for us. It is the best market to go to for anything in that line.

Q. If there should be a reduction of 5 per cent in the duties on silk goods imported from France, would that be likely, in your judgment, to discriminate against any of the silk goods imported from Germany?—A. It would undoubtedly facilitate the importation of goods from France. How it would affect the German market I am unable to say. As a matter of fact, I do not think the Germans compete largely in any one article with the French. Their style is different, and their goods are used for a different purpose to a large extent. Therefore it is very hard for me to answer that question.

Q. Would you as an importer of German silk goods consider yourself entitled to a reduction in the duty on those goods similar to any reduction that might be made on silk goods of any kind from France?—A. I most certainly would.

Q. I would like to make an inquiry in respect to the importation of foreign goods into this market. Has there at any time been an excessive importation and consequent lowering of the American market?—A. In former years; not so much of late years, since specific duties have ruled.

Q. How far back would you go?—A. I presume up to 7 or 8 years ago many goods came here and were sold at the best price the buyer would give, irrespective of the cost. It was a question of realizing on a surplus owing to trade conditions in Europe, or state of business, or whatever it was.

Q. Is not the consumption of silk or dress goods and other wide goods in this country as much as that of the whole of Europe?—A. I should think it is.

Q. Would you say that legislation, tariff or otherwise, is an important means of inducing and cherishing and regulating the silk industry of this country?—A. I am not quite prepared to answer that question.

Q. Would the silk industry of this country ever have been established without the tariff?—A. Never, so far as broad silk weaving is concerned.

Q. Do you think the rates in the tariff of 1897 are sufficient both to steady prices and to give a fair return to the American manufacturer?—A. Yes.

Q. Without creating any monopoly in the home market?—A. Yes.

Q. You spoke of competition; is there sufficient competition in the home market to regulate prices independent of any foreign importation?—A. Yes. Competition is very fierce.

Q. Would you say that it has been coming close to the line of ruinous in the two years past?—A. It has. The weaker people of course suffer very much more than the older and well-established houses who have sufficient means to carry on their business.

Q. What effect has the manufacture of the finest fancy cotton fabrics for summer goods had on the manufacture of silk goods?—A. At times it is quite excessive. That

is regulated by the fashion. A woman will use fancy silks for two or three years, and then she finds the article is getting common and she will go to cotton goods. So, we are altogether at sea on that thing. That is regulated a good deal by the whims of fashion.

Q. Would you say generally that the silk industry at the present time is in a fairly prosperous condition?—A. Yes; I would say it is fairly prosperous.

Q. Has that condition of the trade been brought about simply by supply and demand, or by competition?—A. By competition more than anything else.

Q. Do you know of any arrangement between manufacturers and others for the sustaining of prices?—A. There is absolutely none. I can tell you that positively.

Q. There are no elements of the so-called trust in the silk industry in this country?—A. No. I would not think it possible.

Q. Do you think the silk industry is one of the excepted industries of this country where the tariff has absolutely nothing to do with it?—A. Certainly not. It has much to do with it.

Q. What are the conditions of the operatives in your factories now? Are they better now than 8 or 10 years ago?—A. They keep on improving. My knowledge of manufacturing does not date back much more than 10 years.

Q. And free from strikes?—A. We have been; yes.

Q. (By Senator KYLE.) Do you employ union labor?—A. The unions, as I understand them, are quite different in the silk trade from what they are in others. There are more or less shop unions—unions of the mills within themselves—and while they belong at times to the general unions they are not dominated as much as in other trades by the general union.

Q. (By Mr. KENNEDY.) How about the importation of silk weavers under contract?—A. I do not know of any having been imported in that way. I do not believe there have been any such importations for many years.

Q. Were there not some imported a few months back?—A. I hardly think so. The extension of this business throughout the country and the improvement in machinery has made it so that domestic help is taken in preference to the foreign. They are more active and have more push.

Q. (By Senator KYLE.) What proportion exists between male and female employees in silk manufacture?—A. That depends entirely. In the out-of-town mills throughout Pennsylvania the proportion is in favor of women, because the men in those localities mostly have employment in the mines or iron works, etc. In Paterson the men predominate, as they do in the older silk centers, where the women can find other employment and where the men have none. They are practically the old stock of weavers which came over here from England and settled down in Paterson and Union Hill and other places.

Q. Their children work in the mill?—A. Yes.

(Testimony closed.)

NEW YORK, N. Y., May 22, 1901.

TESTIMONY OF MR. IRA DIMOCK,

President Nonotuck Silk Company.

The special subcommission being in session, Mr. Clarke presiding, Mr. Ira Dimock was introduced as a witness at 2.40 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Please give your name, post-office address, and occupation?—A. Ira Dimock; Hartford, Conn.; president of the Nonotuck Silk Company.

Q. What kind of silk goods do you produce?—A. Threads of all kinds, for sewing purposes.

Q. The commission will be pleased to have you explain in regard to the development of this industry and any facts incident to it that may occur to you.—A. I have been with the present company 43 years. When I went with it the company was taking 250 pounds of silk a week. We now take 6,000 pounds. We employed about 50 hands in 1858, and we now employ about 750. You will see from those figures what the development has been. I might give you a little history. When I went there, probably 90 per cent of the silk was put up in skeins. A few little spools were made of 24 yards, but of no account. To go back a little farther. In February, 1852, we made the first machine twist for Mr. Singer, who was then experimenting with the sewing machine in Boston. At his earnest solicitation we made 5 pounds of what is now known as machine twist, upon his promise to take it and pay for it a pound at a time. It was all he was able to take. When we took him a pound he said, "Can you make me any more as good as that?" We said, "Certainly." He

said, "I want all you can make." He lived to verify those words. In the first year of the war of the rebellion we sold him \$100,000 worth, which was all we could spare him, so he bought a silk factory in Newark to make his own silk, because we could not supply it. Now, probably 99 per cent of all the silk is put up on spools.

Anticipating that you would be asking questions on the topical plan that you have adopted, I took the liberty to post myself upon answers which, if they are interesting, might be considered a part of my evidence. It might probably save time to hastily run over this.

As to question 1, I do not think any labor organization exists with us at the present time.

2. As to the growth of trades unionism, etc., such ideas are in the air, and our help are approached by letter and personal interviews of the promoters.

3. Of course, it is feasible to incorporate trades unions. The legal effect is a tangled subject. I want here to make a suggestion. If any means could be found to induce or compel trade unions to ascertain the desire of their members as to a strike, if they would adopt the Australian ballot, I think the effect would be magical. I believe that if one-third of the employees of any concern desire to strike, and two-thirds are opposed to striking, a strike will be ordered because no one dares to vote against it, because if he does so he will be socially ostracized.

Q. (By Mr. KENNEDY.) Do you know that in some of the labor organizations of the country it requires a two-thirds vote and it requires the secret ballot to order a strike?—A. Then I will qualify my remarks, if the ballot has been adopted.

Q. (By Mr. LITCHMAN.) As I understand the witness, you thoroughly indorse that view?—A. I do.

4. As to relations to nonunion labor and the right to liberty of contract, I should say the individual has a right to make contracts even if the liberty is not granted by labor organizations.

5. We hire some unskilled labor. It is not organized.

6. Strikes are seldom. Some inefficient, ignorant ringleader is generally the unsuccessful cause.

7. Strikes and lockouts are bad for the workmen. Often, if not always, they cause a serious inconvenience and loss to the employer and a damage to the community at large.

13. We have paid weekly wages since 1886; we are required to pay every week by the Massachusetts State law. The system is a benefit to the help, as it enables them to pay as they go and does not compel them to run store bills. Storekeepers prefer weekly payment. In consequence of the law we hire 1 extra man to keep the pay roll.

14. Most of our female help work by the piece. Most of the men work by the day. There is no overtime by girls and minors under 18 on account of the law making 58 hours a week's work. Men do occasionally work overtime for repairs, etc.

17. All our help are paid in cash.

18. No fines imposed except in rare instances and where valuable work is injured.

19. We own houses that are rented to 57 employees.

20. I believe we pay as high for the class of work done as any other manufacturer in the State.

21. Wages have steadily advanced during the last 50 years, and are now fully 100 per cent higher than 50 years ago. I might add that the hours of labor have been shortened 20 per cent. When I first went into the silk business we worked 14 hours in the longest days in the summer. We did as the farmers did, worked from as soon as you could see until as long as you could see. That was the rule. We averaged fully 12 hours through the year. That was before I went with the Nonotuck Company.

22. Social conditions are much improved on account of the better education now received, because of the opening of free libraries and reading rooms and the publication of newspapers, periodicals, etc.

24. Total number now employed about 750. In 1851 we probably had about 50 hands.

27. Children can work when 14 years of age, provided they furnish a certificate from the school superintendent that they attend night school. We have established a night school ourselves. This certificate must be kept on file by the concern employing such children, and their names must also be posted near the principal entrance of the building where they are employed. These regulations are observed until the child becomes 16 years of age.

28. The causes of irregularity of employment are the falling off of orders in the summer time and help leaving for vacations.

29. The average number of days employed in the year is 306. We have never failed to furnish full employment, except for a few weeks when the war of the rebellion commenced.

30. We have very few apprentices. Occasionally a boy who works here is bound out under the terms of Oliver Smith's will. Oliver Smith left about \$1,300,000 in his

will be given partially to boys who should choose a guardian and be bound out to learn a trade. At the age of 25 years, assuming that they have become good citizens, nothing against them, they receive a bounty of \$500.

Q. Who was Oliver Smith?—A. He was from Northampton. His sister, Miss Smith, gave \$300,000 toward establishing Smith College in Northampton. Oliver Smith left about \$1,200,000. There is a man to give out these charities.

Q. Was the application of the terms of that will confined to employees in Northampton?—A. No; to the 3 towns of Hatfield, Hadley, and Northampton?

Q. You say there are apprentices under that benefaction that come to you?—A. We sometimes have an apprentice. He has got to learn a trade, you understand, and so they come to us to learn the silk business.

Q. And these all come from those 3 towns?—A. Those are the only 3 towns that can send them in. I do not exactly understand the conditions, but the boys get \$500 at 25 years of age if they maintain a good character, and are bound out to learn a trade until they are 21. They are generally allowed to choose their guardian, if he is a suitable person and is approved by the judge of probate.

31. We work from 6.50 a. m. to 12 o'clock noon; from 1 p. m. to 6 p. m.; but all minors under 18 and all females quit at 3 p. m. Saturdays. This makes 58 hours for girls and minors; 60 hours for men, who work until 5 p. m. Saturdays.

32. State, county, and city employees have smaller hours for labor than those in manufacturing establishments.

36. Men in our dyehouse have an insurance plan in operation among themselves in case of sickness or death. Profits, reduced by competition, etc., do not allow of paying pensions. Help is kept to a high standard of intelligence and education by our management.

41. Public school facilities in Florence and Northampton are of the best. Night schools are provided during the winter by the company. Education has not been on a line to fit children for the work of life, but is tending that way.

43. Manual training is practiced in public schools by the boys in the 5th, 6th, and 7th grades, and sewing is taught to girls in the same grades.

44. We have 3 free public libraries in Northampton and reading rooms connected with 2 of them.

63. In Massachusetts we have State inspectors who visit factories from time to time to see that the laws are properly observed as to hours of labor, etc. These inspectors also notice dangerous machinery and belting; see that it is properly guarded; see that fire escapes are provided, etc.

Those are all the replies I have prepared along the line of these questions. If there is anything else, I will try to answer to the best of my knowledge.

Q. In answer to one of the questions you spoke of pensions, and said that the profits of the concern would not admit of their being paid. Are we to understand you have had that matter under consideration?—A. No.

Q. I asked, thinking possibly you might have had the matter under consideration.—A. I do not think we have ever discussed it.

Q. Have you ever discussed the question of profit sharing?—A. We never have.

Q. How long has your oldest employee been in your service?—A. One man has been there 45 years, and we run from that on down. I have been there 43. I want to say a word in regard to the good feeling that prevails between us and our help. When we are pushed with a rush of orders and do not know which way to turn, we go out in the village and find married women who were girls and grew up in our mill, and we say, "We are awfully pushed; you are an expert; can't you come in and help us a little?" and they respond, "We will." We frequently have 6 or 8 or 10 or a dozen of them that come in and work perhaps 6 hours a day, more to accommodate us than anything else—women that grew up with us.

Q. (By Mr. CLARKE.) There is no objection to that system on the part of the help?—A. Oh, dear, no. Our help has the kindest feeling toward us. We have a boarding house where we accommodate 60 girls, if we have that number that live out of town and have no friends in the village. We put the house up at a good deal of expense. We buy everything at wholesale in large quantities to get the advantage of the lowest prices. We hire a man and his wife to run the house who are competent. We find the cost to be \$2.50 a week, and that is what we charge the girls.

Q. You said in answer to one of the questions that you had no organizations of labor in your factory, as far as you were aware?—A. None.

Q. Have you had any labor difficulties?—A. We have never had a strike.

Q. And you do not know whether the men are organized or not?—A. We never inquire. We never say a word about it.

Q. Would you care to express an opinion further than your statement already made in relation to the organizations of labor?—A. I think that organizations perhaps do their members as much injury as they do their employers. I do not deny the right of men to organize for their mutual protection. It is a matter that rests

with them. I think it is a right they have. As to whether it is a benefit to them, I am not so sure about that.

Q. What are the extremes of wages paid?—A. The average wages of our girls is \$7.50 a week. The average of our men is about \$12 a week.

Q. I understood you to say they make substantially full time throughout the year?—A. Yes; they do not loaf on our account. We have sometimes been very much inconvenienced, but nearly every one of them takes a vacation just as much as you or I would. We have a good many girls that go away during about two months in the summer and take situations in hotels up in New Hampshire as waitresses, for the change that it gives them, and they do not lose any time. Others are able to go without taking situations.

Q. Have you any suggestions to make along the line of remedial legislation in connection with your industry?—A. Everything seems to me to be running nicely at the present time. We do not require anything different. The duties on spun silk are fairly low, but still I would not recommend any change. As regards sewing silk, I do not suppose that there is to-day the half of 1 per cent imported into this country.

Q. Do you think more would be imported if the duties were taken off?—A. I think there would be if the duties were wholly taken off. It is likely they might be lowered somewhat on sewing silk and twist.

Q. Would there be any advantage in lowering them so far as the price to the consumer is concerned?—A. I will assure you that the consumer gets his goods to-day as cheaply as the manufacturers here can afford to produce them. After you have been in the business with home competition you will find it is pretty rank. In our line of business competition is such that a man has got to get up early in the morning and hustle to be able to make his dividends. There are men in our employ that never fail to be at the mill when the wheels start in the morning at a little before 7 o'clock. They never fail to be there. Our late treasurer, I know, said several years ago to Arthur Hill, one of the stockholders, a young man: 'Arthur, I have been here at the mill for 25 years when the wheels started in the morning. If you want to perform that task, I will turn it over to you. It is necessary that some of the proprietors be here when the wheels start; if not, in a little time the help will fall away.' Mr. Hill said he would just as soon do it, but often he did not, and wanted the treasurer to take the job back. Mr. Porter has been there 45 years, I think, and he never fails to be on hand as soon as any of the help. That is the way with home competition when you get enough of it.

Q. Do you find that the restrictive laws of Massachusetts as to hours of labor and the employment of minors and women in any way interfere with your business?—A. No. We have only about 30 employees that are under 16 years of age.

Q. You, on the whole, approve of these restrictive laws?—A. Yes; I think it is better that we should have them than not. I think the authorities are a little domineering in some of their requirements. If a belt should break and we should stop 2 or 3 hours, we can make up that time provided we notify the police that we are going to run a little overtime to make up for lost time. And they actually tell us what time we must start in the morning.

Q. Have you any objection to leaving with us those police regulations?—A. (Certainly not.)

While I think that some of those requirements are stepping pretty close to the toes of private rights, yet there is nothing we can not comply with, and if it is pleasing to the help, we do not object. We comply with them, although some of them seem to be quite dictatorial.

Q. On the whole, you recognize that the high condition of American labor is beneficial to American industry in general?—A. I have no doubt that educated employees are more efficient. I believe that we get more out of our help than employers do abroad.

Q. You recognize that the prosperity of your industry depends largely upon the purchasing power of the American people?—A. Yes; quite largely; and, of course, we have been protected in our industries until home competition has brought prices, in my judgment, below what they ever would have been if we had never had any manufacturing here, and if the duties were to be blotted out I believe prices would be very much higher.

Q. You recognize that protection is as necessary to the established industry as it once was to the infant industry?—A. Not in our line. I believe we could do with less duty, but in the weaving, in the higher grades and more intricate kinds of weaving, I think the manufacturers have to have their protection for quite a good while yet. Where labor enters largely into the cost of the article, we can not do without it. I believe that in the sewing-silk line we might safely lower the duty.

¹ The regulations are printed as an appendix to Mr. Dimock's testimony.

Q. Would there be any advantage to the consumer in the lowering of duties?—A. Not at all. I do not believe we would get any foreign silk. In fact, the foreign silks are not to be compared with ours. As far back as 1858 I took over a pound of machine twist and showed it to a great many manufacturers in England, and they said, "Beautiful! beautiful! What did you make that out off?"

I said, "Out of the highest grade of Sattlee silk."

They replied, "Why, that is wicked. We think we can make sewing silk out of almost anything. We only use high-grade Sattlee for the best dress goods."

I said, "We do not think anything is too good for machine twist."

One man said, "It is like the children coming over here to teach the parents."

Q. (By Mr. LITCHMAN.) Is your help almost exclusively American?—A. We have a great many Germans and a good many Irish. We have all sorts.

Q. Are the Germans and Irish recent immigrants?—A. No; a great many of them live right in our village and many of them own their own places.

Q. When you say Germans and Irish do you mean of the present generation or descendants?—A. Many of them are descendants. We have people who have lived with us many years and who have brought up their families with us.

Q. (By Mr. CLARKE.) Most of them have become American citizens?—A. Largely. I know there was one time when we had 30 girls married out of our spooling room in 30 months. I tell our people they are a little too fine. We had 6 or 8 that had been school-teachers, but got tired of that calling. Many of them are daughters of farmers that live back in the hills, and who would gladly keep them at home, but they want to get down in the village where they can see something. The work is neat and clean. We have a boarding house that is unexceptional, and we look after it. We require the girls to go to their rooms at half past 9, and lights to be out at 10; but if they want to go to a concert or the theater they are to notify the boarding-house keeper, who is always up to let them in. We do that because there are some girls that want to go to bed and go to sleep at 10 o'clock and do not want the house disturbed. We do it for their benefit. Then, we say to parents and brothers who live at a distance, "You can safely let your sister or your daughter come down here to the Nonotuck Mills. She is looked after, and is required to be in at suitable hours. We have an interest in her."

Q. (By Mr. LITCHMAN.) How large a place is it?—A. Only about 3,600 or 3,500. If there should be a black sheep get in among our girls, they would themselves make it too hot and she would have to get out.

Q. You think the morality of the help—A. (Interrupting.) It is of the highest kind, and everything is nice about the mills. For instance, our lavatories are just as good as you will find in this hotel—just as clean and just as good. Our employees are ladies and gentlemen, and they certainly conduct themselves as such. They are entitled to the title, if good conduct would give it to them.

Q. (By Mr. CLARKE.) Do they have just as good social standing in your community as though they did not work?—A. Yes; I told you we had 30 girls married in 30 months. They were a little too fine, and there were naturally young fellows around picking them up. We have now, as I tell you, Germans and a good many Irish.

Q. (By Mr. LITCHMAN.) Have you any of the French-Canadian element?—A. We have a few, and they make very good help, too.

Q. (By Mr. CLARKE.) Do you think of any further statement?—A. I do not believe I do. Everything is running nicely with us, and I do not see why anything should be disturbed.

Q. You are in favor of letting existing laws remain substantially as they are?—A. I see no object in changing them. Still, I am frank to admit to you that I believe we could stand a considerably lower duty on sewing silk. It might be lowered 50 per cent. I do not suppose the foreign makers can come in here to-day and put down their sewing silk to any advantage. One reason is on account of the colors. We do not know ourselves 24 hours ahead what colors may be ordered. We have about 200 colors, and when our customers order them they expect them sent within 48 hours. What would a foreigner do in undertaking to fill orders for colored sewing silks?

Q. You do not see any advantage, then, whatever in the reduction of the duties even though some of the duties might not be needed?—A. No; I think that you have to nurse the weavers for a while longer, but home competition will put the prices down just as low as the article can be furnished and pay the wages demanded. There is no question of that.

(Testimony closed.)

APPENDIX TO MR. DIMOCK'S TESTIMONY.

COMMONWEALTH OF MASSACHUSETTS,
Boston, Mass., August 1, 1898.*To whom it may concern:*

Attention is called to the following act:

CHAP. 494. *An act to regulate the employment of labor.*

Be it enacted, etc., as follows:

SECTION 1. No child under 14 years of age shall be employed in any factory, workshop, or mercantile establishment. No such child shall be employed in any work performed for wages or other compensation, to whomsoever payable, during the hours when the public schools of the town or city in which he resides are in session, nor be employed at any work before the hour of 6 o'clock in the morning or after the hour of 7 o'clock in the evening.

SEC. 2. No child under 16 years of age shall be employed in any factory, workshop, or mercantile establishment, unless the person or corporation employing him procures and keeps on file and accessible to the truant officers of the town or city, and to the district police and inspectors of factories, an age and schooling certificate as hereinafter prescribed, and keeps two complete lists of all such children employed therein, one on file and one conspicuously posted near the principal entrance of the building in which such children are employed, and also keeps on file a complete list, and sends to the superintendent of schools, or, where there is no superintendent, to the school committee, the names of all minors employed therein who can not read at sight and write legibly simple sentences in the English language.

SEC. 3. An age and schooling certificate shall be approved only by the superintendent of schools or by a person authorized by him in writing, or, where there is no superintendent of schools, by a person authorized by the school committee: *Provided*, That no member of a school committee or other person authorized as aforesaid shall have authority to approve such certificate for any child then in or about to enter his own employment, or the employment of a firm or corporation of which he is a member, officer, or employee. The person approving the certificate shall have authority to administer the oath provided for therein, but no fee shall be charged therefor.

SEC. 4. An age and schooling certificate shall not be approved unless satisfactory evidence is furnished by the last school census, the certificate of birth or baptism of such child, the register of birth of such child with a town or city clerk, or in some other manner, that such child is of the age stated in the certificate.

SEC. 5. The age and schooling certificate of a child under 16 years of age shall not be approved and signed until he presents to the person authorized to approve and sign the same an employment ticket as hereinafter prescribed, duly filled out and signed. A duplicate of each age and schooling certificate shall be filled out and shall be kept on file by the school committee. Any explanatory matter may be printed with such certificate in the discretion of the school committee or superintendent of schools. The employment ticket and the age and schooling certificate shall be separately printed, and shall be filled out, signed, and held or surrendered, as indicated in the following forms:

"EMPLOYMENT TICKET, LAWS OF 1898.

"When [name of child], height [feet and inches], complexion [fair or dark], hair [color], presents an age and schooling certificate duly signed, I intend to employ [him or her].

(Signature of intending employer or agent.)

(Town or city, and date.)

"AGE AND SCHOOLING CERTIFICATE, LAWS OF 1898.

"This certifies that I am the [father, mother, guardian, or custodian] of [name of child], and that [he or she] was born at [name of town or city], in the county of [name of county, if known], and State [or county] of —, on the [day and year of birth], and is now [number of years and months] old.

(Signature of father, mother, guardian, or custodian.)

(Town or city, and date.)

"Then personally appeared before me the above-named [name of person signing], and made oath that the foregoing certificate by [him or her] signed is true to the best of [his or her] knowledge and belief. I hereby approve the foregoing certificate of [name of child], height [feet and inches], complexion [fair or dark], hair

[color], having no sufficient reason to doubt that [he or she] is of the age therein certified. I hereby certify that [he or she] [can or can not] read at sight and [can or can not] write legibly simple sentences in the English language.

"This certificate belongs to [name of child in whose behalf it is drawn], and is to be surrendered to [him or her] whenever [he or she] leaves the service of the corporation or employer holding the same; but if not claimed by said child within 30 days from such time it shall be returned to the superintendent of schools, or, where there is no superintendent of schools, to the school committee.

(Signature of person authorized to approve and sign, with official character or authority.)

(Town or city, and date.)

"In the case of a child who can not read at sight and write legibly simple sentences in the English language the certificate shall continue as follows, after the word 'language':

"I hereby certify that [he or she] is regularly attending the [name] public evening school. This certificate shall continue in force only so long as the regular attendance of said child at the evening school is indorsed weekly by a teacher thereof."

SEC. 6. Whoever employs a child under 16 years of age, and whoever having under his control a child under such age permits such child to be employed, in violation of section 1 or 2 of this act, shall for such offense be fined not more than \$50; and whoever continues to employ any child in violation of either of said sections of this act after being notified by a truant officer or an inspector of factories thereof, shall for every day thereafter that such employment continues be fined not less than \$5 nor more than \$20. A failure to produce to a truant officer or inspector of factories any age and schooling certificate or list required by this act shall be prima facie evidence of the illegal employment of any person whose age and schooling certificate is not produced or whose name is not so listed. Any corporation or employer retaining any age and schooling certificate in violation of section 5 of this act shall be fined \$10. Every person authorized to sign the certificate prescribed by section 5 of this act who knowingly certifies to any materially false statement therein shall be fined not more than \$30.

SEC. 7. No person shall employ any minor over 14 years of age, and no parent, guardian, or custodian shall permit to be employed any such minor under his control, who can not read at sight and write legibly simple sentences in the English language, while a public evening school is maintained in the town or city in which such minor resides, unless such minor is a regular attendant at such evening school or at a day school: *Provided*, That upon presentation by such minor of a certificate signed by a regular practicing physician, and satisfactory to the superintendent of schools, or, where there is no superintendent of schools, the school committee, showing that the physical condition of such minor would render such attendance in addition to daily labor prejudicial to his health, said superintendent of schools or school committee shall issue a permit authorizing the employment of such minor for such period as said superintendent of schools or school committee may determine. Said superintendent of schools or school committee, or teachers acting under authority thereof, may excuse any absence from such evening school arising from justifiable cause. Any person who employs a minor in violation of the provisions of this section shall forfeit for each offense not more than \$100 for the use of the evening schools of such town or city. Any parent, guardian, or custodian who permits to be employed any minor under his control in violation of the provisions of this section shall forfeit not more than \$20 for the use of the evening schools of such town or city.

SEC. 8. Truant officers may visit the factories, workshops, and mercantile establishments in their several towns and cities and ascertain whether any minors are employed therein contrary to the provisions of this act, and they shall report any cases of such illegal employment to the school committee and to the chief of the district police, or to the inspector of factories for the district. Inspectors of factories and truant officers may require that the age and schooling certificates and lists provided for in this act of minors employed in such factories, workshops, or mercantile establishments, shall be produced for their inspection. Complaints for offenses under this act shall be brought by inspectors of factories.

SEC. 9. Sections 13, 14, 16 to 25 inclusive, 67, 68, and 70 of chapter 508 of the acts of the year 1894, and all other acts and parts of acts inconsistent herewith, are hereby repealed.

SEC. 10. This act shall take effect on the 1st day of September in the year 1898.

Approved June 2, 1898.

Respectfully,

RUFUS R. WADE,
Chief Inspector Public Buildings, Factories, and Workshops.

NEW YORK CITY, May 20, 1901.

TESTIMONY OF MR. CHARLES F. HOMER,*Treasurer Silk Association of America.*

The special subcommission being in session, Mr. Clarke presiding, Mr. Charles F. Homer was introduced as a witness at 3.20 p. m., and, being first duly sworn, testified as follows:

Q. (By Mr. CLARKE.) Will you give your name, post office address, and occupation?—A. Charles F. Homer, treasurer Silk Association of America. I am not in business now. My address is at the office of the Silk Association.

Q. Have you been engaged in the importation of silk goods and in the manufacture of silk goods in this country?—A. Both.

Q. Will you please proceed in your own way to speak of the conditions of the silk-producing industry in this country, and how it is affected by laws and by competition, domestic and foreign?—A. Your question leads to a dissertation upon the silk industry, and that is a very broad question. I can only say that the protective tariff has been the cause of the remarkable development in this industry, and that prior to the high tariff, caused by the necessity of the civil war, the silk industry in this country was a very small factor. When the duty of 60 per cent was placed upon it (as I recollect, as a war measure), it immediately caused those who were interested in the silk-importing business to consider the possibilities of manufacturing here, and stimulated those who had been previously interested in a small way. I do not think that there is any industry more complicated and intricate in its details than this, and I do not think that any business in the world has shown the same results—the masterful treatment of all the different branches of the business, and given a wider field for the inventive genius of our own people. The statistics will show that since the war we have made a complete conquest of this market, for when it commenced it was controlled entirely by those interested in the importing business, and the market was supplied by the European product almost exclusively, whereas to-day the market is supplied, with but very few exceptions, by the production of American looms and labor, and those exceptions are mostly articles of high fashionable novelties, and for which there is comparatively limited demand in quantity, such as church vestments and specialties not suitable for mechanical weaving.

Q. (By Senator KYLE.) Have you ever looked for a time when you can compete with foreign nations independent of the tariff?—A. Yes; when American labor is satisfied to accept European wages.

Q. You do not expect that for some time to come, probably?—A. No.

Q. (By Mr. CLARKE.) You speak of the stimulus to invention in this country. Has there been a very marked improvement in machinery and in methods of production?—A. In both.

Q. In the organization of factories, etc.?—A. Yes. The European manufacture at the period when the first high tariff was placed in this country was mostly by hand power. The great development of the silk business by power looms was made here, and that within a very few years after the passage of the first high-tariff bill. It did not affect simply the weaving machinery alone, but it touched every branch of the silk manufacturing industry. At that time in Europe, and, if I am not mistaken, the same condition exists to a great extent to-day, the silk business was divided into specific branches, and each was an industry by itself. What we call "throwing" was an industry apart. Weaving was another. Dyeing was a separate process. But in this country, after a very few years, all the different branches of these industries were carried out under the same organization. Many of the manufacturers take a bale of silk to-day in the raw and turn it back upon the market a finished product in all its details.

Q. (By Mr. LITCHMAN.) Are there any places in the United States where the silk is wound from the cocoon?—A. No. That is only done in the silk-producing countries.

Q. Your raw material is the silk after it has been wound?—A. After it has been wound from the cocoon.

Q. (By Mr. CLARKE.) It comes mostly in hanks?—A. Entirely in hanks, excepting what we call waste silk, which is used for many purposes, *schappe*, which is usually made from waste silk or from silk thrown from the pierced cocoon.

Q. (By Mr. LITCHMAN.) Will you indicate the source of supply?—A. The larger supply to-day comes from Japan for weaving purposes, but in the other branches of the business large quantities of China silks are used, also Italian silks. Silk comes from France also.

Q. Have there been any experiments to try to raise silk in the United States?—A. There have been.

Q. Have they been successful?—A. No; unsuccessful.

Q. Do you mean commercially unsuccessful?—A. Commercially unsuccessful, because it is utterly impossible for any labor that we have in this country to compete with the extremely cheap labor of the Orient, or the higher labor of Italy, which is extremely low in comparison with our wages.

Q. Is there at present a slight depression in the United States?—A. Yes.

Q. Can you tell the causes?—A. There are a variety of causes. In the first place, there is not so large a depression as to the quantity of goods consumed, I take it, as unsatisfactory returns for the business done. In the last year there was an abnormal rise in the price of raw silk, and there was not a corresponding response in the demand for the finished product, and we sold at less money by reason of competition and the conditions of the market which always accompany (whatever may be the reason for it) a Presidential campaign. The goods were sold below what was a satisfactory price, in view of the high price of the raw material. After the season has passed, and, of course, the prices of raw material have fallen greatly, the difference in the ledger account of between \$3.50 and \$4.50 or \$5 does not leave a very satisfactory balance in silk any more than it would if you bought stocks at a higher price and sold at a lower.

Q. (By Mr. LITCHMAN.) Is there any adulteration of raw silk?—A. Very little or none. There is none that I am aware of.

Q. It would not be advisable to manufacture adulterated silk?—A. Do you mean in raw silk?

Q. I mean in the process of the manufacture of the raw material into finished goods.—A. The dyer can answer that question. There is an adulteration of silk, if you so call it, in the dyeing of silk.

Q. Is there any adulteration or a combination of any other material with silk?—A. Do you mean in dyeing?

Q. No; I mean in the manufacture.—A. There are all shades of combinations of materials, mixtures of silk and wool, silk and cotton, silk and worsted, silk of all kinds, that we do not look upon as adulteration.

Q. Those would not be sold, however, as silk goods?—A. No.

Q. I mean are there any goods sold as silk that are partly adulterated in the present knowledge of the silk trade, by the trade?—A. Generally there are no such combinations. With but very rare exceptions, the buyer knows exactly what he is buying.

Q. I may be in error in my understanding of the matter, but, if so, my question would betray my ignorance. I thought possibly there might be a combination with ramie.—A. They have attempted to use ramie, but it is in advance of the market, and, so far as I know, has never been a factor that amounted to enough to be considered.

Mr. DIMOCK. I understand the gentleman's point he wants to get at. He means to ask, Do they ever work in cotton-silk thread and try to sell it as silk thread when it is cotton. They can not do it. Perhaps it would be done if it could, but it is impossible to work in cotton as silk. You might take cotton thread and take up and twist it with silk thread, but the idea is, Do they in the manipulation of silk, as they could in wool, mix in with wool a little of cotton?

The WITNESS. No; it can not be done.

Q. But I really wanted to find out how far ramie has been put in?—A. I have been out of the business the last 2 years, but in any fabric that I am cognizant of ramie has formed no factor. The question was brought up here some time ago whether manufacturers sell goods abroad for less than they sell them at home. I may answer that question—yes. They do, not only in this country but in every other country; but no manufacturer sells goods abroad for less money than at home because he wants to do so. An exemplification of the interests of manufacturers at times in disposing of their goods was shown when I was in Europe in 1870, during the Franco-Prussian war. The menace of the German army invasion, of course, completely killed business of all kinds in France at that time. The apprehensions of manufacturers were keen, and they immediately proceeded to ship their goods abroad. They sent them to England, to America, and everywhere else. It was not a question of price. The question was to realize or secure their property. That was an extreme case. Of course, prices in this country and in England were very much depressed. There was no question of profit in the transaction. It was an abnormal business condition.

There are other times when the manufacturer's production is greater than he has taken orders for, or that he could dispose of to advantage, and it is a question of either stopping his business entirely or disposing of his property in order to go on. Or it may be that the styles of those goods were not particularly desirable at that time, and it was a surplus stock and not available. The European manufacturers, years before this tariff came into effect, and before our war, did a large consignment business with this country in all classes of goods, and they shipped them here. If

they had been able to dispose of those goods advantageously abroad, or what was to them at home, they never would have come here. No commission house, as a rule, was able to get a full line of consignments when the business conditions in the country from which they received these goods were in a prosperous condition. I speak from nearly 40 years' experience.

Q. (By Mr. LITCHMAN.) It is claimed because these goods are sold, and undoubtedly under the conditions that you name, that we should have a decrease in the tariff, a revision of the tariff, or that we should remove the tariff on many lines of industry. What have you to say on that question?—A. If that is the reason, I may simply state that every man looks out for his own interest and that he disposes of his goods at home if he can get the best price for them. If he can not dispose of them there, then he sends them to the next best place where he thinks he can get the nearest to what he wants for those goods, and where, if he has to take a price that is disagreeable, he is not going to injure his own pocket alone and injure everyone that has his goods in his immediate vicinity. This sending of goods to foreign markets at less than they cost is medicine that he takes because he has to take it and not because he wants to take it.

Q. Along that same line, is it not more profitable to run a factory or mill at its full capacity than at a portion of its capacity?—A. It is not only more profitable, but oftentimes a necessity, for the instant that you stop a mill you disorganize it for the time being, and it is very easy to stop a mill and disorganize the help. But if it stops for any indefinite period, the working people are not going to wait for your convenience to earn something to eat, but as a rule will seek it where they can find it. The result is that when you want your labor, if they have found other positions that suit them, they are not coming back at your beck and call, and the establishment has to make shift and do the best it can.

Q. Is it true also that the fixed charges remain the same?—A. The fixed charges of the mill remain about the same, for there are all your leading men, the foremen of your different departments, your engineers, and the foremen of your machinery, and all principal officers, and all your office help, who are usually men that you contract for by the month or by the year. Your expenses for them remain absolutely the same whether the mill is running or not.

Q. (By Mr. FARQUHAR.) What is the proportion of the male, female, and child help in your mills?—A. That is a question that I can not answer, as I have been out of business for about 2 years, and my connection has not been direct with the mill. I prefer to leave that question to those who can give you a more definite answer.

Q. Do you know anything about the reasons of the extension of the number of mills of this country?—A. Yes. The extension in the number of mills in this country has been due, first, to the requirements of the business; second, to the reduction of the cost of goods. There has been difficulty at times in our labor organizations. The Paterson mills, while weaving was done in some places earlier than there, were among the first in the country. The labor there was of all nationalities, imported to carry on this work. As we had no silk labor in this country, of course we had no knowledge of it. They were French weavers, Swiss weavers, German, English, and that applies also to all the different branches of that business. They were mostly men. After the mills were established these men received during the early years very high wages, and it was no uncommon thing for a weaver to receive between \$50 and \$60 pay for 2 weeks, and oftentimes the class of weaving required but very little more skill than it would for ordinary cotton weaving.

When the plain goods, as we call them, the plain weaves, became fashionable a number of years ago, it was evident that the work could be done more reasonably, and they built annexes to their mills, or built new mills up the Lehigh Valley, first at a place called Allentown, Pa. There they wove plain grosgrain silks, and there they employ the women who are the daughters of the miners and the other class of labor in that industry. These women had no employment before. They instructed them in this plain weaving, which was but little or not at all different from cotton weaving, and that business was so eminently successful that annexes have now been established all the way along from eastern Pennsylvania, Wilkesbarre, over to Reading, and in various places like Harrisburg and Carlisle, and has even gone down into Delaware and into North Carolina.

Competition was keen. The price of labor of these skilled men was so high that it rendered the cost of the competition too great to compete at that time with European goods successfully, and they took that means of reducing the cost and avoiding labor complications. At the same time the demand for American goods increased and the quantity of goods imported correspondingly decreased, so that there was occupation not only for the mills that were established in Paterson and at Union Hill and elsewhere where first started, but sufficient to justify even an increase of the number of annexes that were established throughout the various sections of the country, so that nearly all of the staple, plain products of the coun-

try are now manufactured outside of Paterson. Those classes of goods which require particular skill, such as fancy goods and classes of goods which require to be made at short notice and with quick changes of machinery, and require diversified knowledge of labor, are still in a great measure confined to Paterson.

Q. In your report for 1900 you state that 19 new mills were established in Pennsylvania, evidently for the making of these plainer goods, and 15 mills in New Jersey.—A. There are other places outside of Paterson where that same explanation applies.

Q. Is not an explanation of the development of mills in Pennsylvania found in the fact that that State affords cheaper help or pays lower wages?—A. The labor was cheaper than Paterson labor at the time. It was more reliable labor, and it was less liable to labor troubles, which are incident to Paterson.

Q. But yet is it not a fact that nearly every one of the mills have had strikes within 3 years?—A. That is very true.

Q. While this silk industry was being domesticated in this country, especially in New Jersey, I judge from your remarks that you were more subject to strikes in its early life than you are now.—A. I doubt that. The same spirit of unrest exists in Paterson to-day as it ever did, because in Paterson there is a conglomeration of all nationalities of the earth, including the Turk and Assyrian, the Italian, mixtures of Americans, Germans, and everything else—a mixture of anarchy and of everything else. They tried to blow up my friend Mr. Strange. They did kill one of the foremen of Mr. Weidmann, and I think it would not take very much trouble to get up a strike in Paterson at any time, whereas when you get into other cities you do strike a good vein of sound American common sense, honest and law-abiding character.

Q. Testimony has been given here on this matter or to the effect that every mill usually settles its own disputes.—A. When it can.

Q. (By Mr. LITCHMAN.) What foreign countries do we have a market in?—A. None.

Q. Are there no silks exported?—A. No.

Q. I have seen somewhere the statement that there is. That statement must be incorrect, then?—A. There has been an attempt made this last year to see whether such a thing is possible, but as for there being any export of American silks of any character abroad it is simply, if done, one of those abnormal things that is not worthy of the consideration of this committee.

Q. (By Senator KYLE.) A sort of surplus stock?—A. Even to that extent it is so infinitesimal as to amount to nothing.

Q. (By Mr. LITCHMAN.) There are certain grades of silk produced not yet produced in the United States?—A. Yes.

Q. Like the finer grades of Lyons?—A. There are no grades we can not make here. But there are certain articles which may apply to the same grades of goods we make here, but which have been detailed by such as designs in print, taffetas, or designs in warp prints, where it is a question more of the design or the artistic taste of the manufacturer of the other side, of the artist who made the design. That is, while we make the same goods here, it is simply a question of that design that was bought by somebody over there as a high Paris novelty and sold on this market. Then there are certain goods, such as mentioned in Mr. Huber's report, chasubles and things that priests wear, church vestments, and things of that sort, which are largely consumed in Catholic and High Church countries, and they have the world for their market, which can be produced and sold satisfactorily over there, but which would not warrant any manufacturer making here for our own market alone.

Q. Then it is more a question of a market than it is the ability to produce?—A. We have the ability to produce anything here that there is a demand for.

Q. What would be the effect on the industry and the labor employed in it of a reduction of the tariff on silk goods?—A. The moral effect would be much more serious, I think, than the results would warrant, but I think it would be a depressing one.

Q. You think it would endanger both the employer and the employee?—A. I do.

Q. Which first?—A. The employer is always able to take care of himself. Every time you throw a stone into that camp labor is the one to suffer in the end. Take the tariff off entirely and the manufacturer will take care of himself, but the laborer has to take what he can get.

(Testimony closed.)